

Building Upon Council and Community Goals & Objectives



**City of Flagstaff, Arizona
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF FLAGSTAFF, ARIZONA
FISCAL YEAR 2001-2002**



JOSEPH C. DONALDSON
MAYOR

LIBBY SILVA
VICE-MAYOR

KAREN K. COOPER
COUNCILMEMBER

AL WHITE
COUNCILMEMBER

JOSEPH P. HAUGHEY
COUNCILMEMBER

ART BABBOTT
COUNCILMEMBER

PENNY TROVILLION
COUNCILMEMBER
(Resigned July 1, 2002)

KARA M. KELTY
COUNCILMEMBER
(Appointed July 29, 2002)

DAVID W. WILCOX
CITY MANAGER

JERI DUSTIR
DEPUTY CITY MANAGER

JAMES S. WINE
DEPUTY CITY MANAGER

MARY JO JENKINS
MANAGEMENT SERVICES DIRECTOR

BARBARA GOODRICH
BUDGET AND FINANCE MANAGER

MATT PAVICH
POLICE LIEUTENANT/O.D. MANAGER

RICK TADDER
ACCOUNTANT II

BETH BEAUREGARD
ACCOUNTANT II

LAURA PARKER
FINANCE SECRETARY

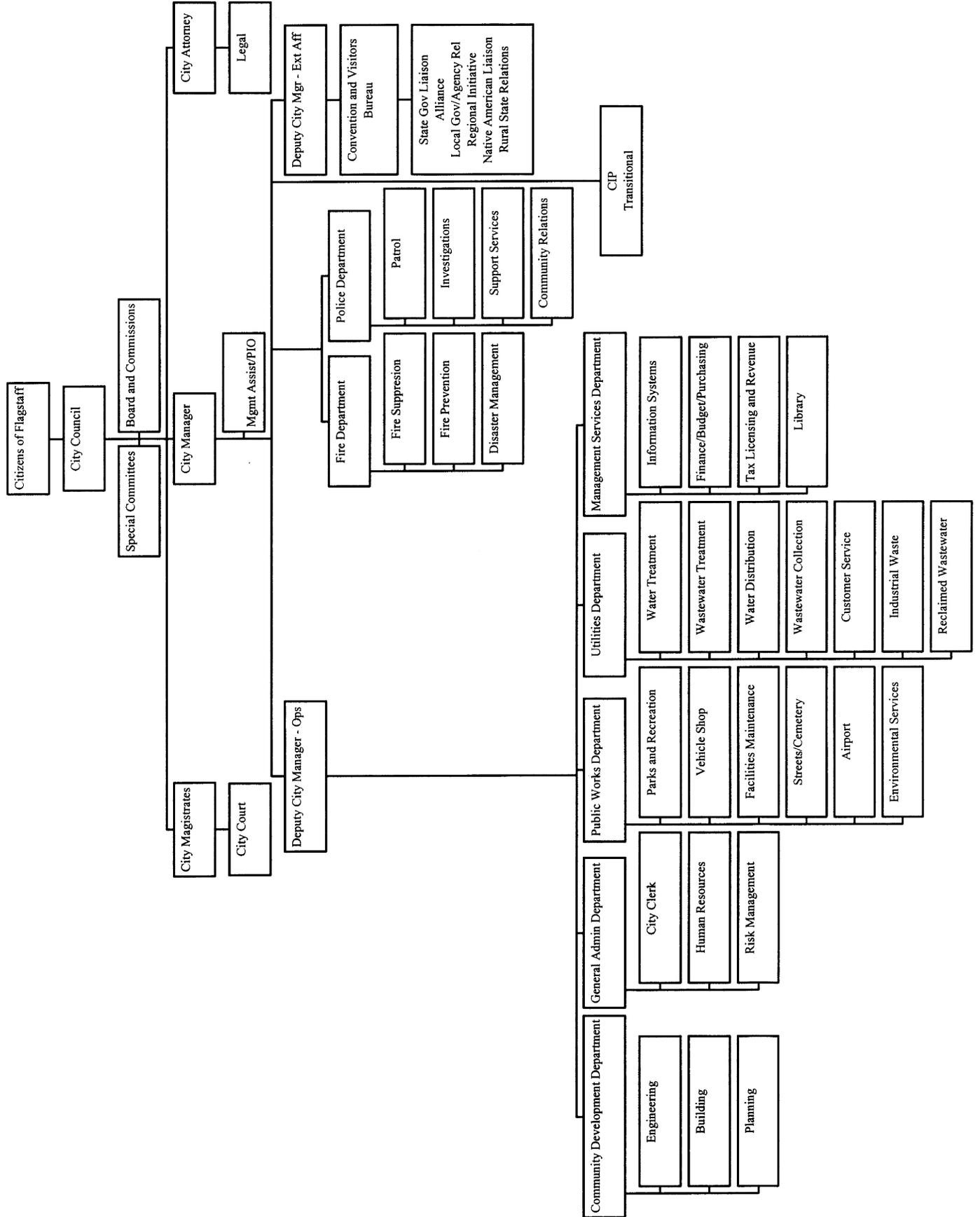
NANCY BERNARD
PAYROLL SPECIALIST

NANCY MIGUEL
ACCOUNTANT I

DEBBIE NICHOLS
ACCOUNTANT I

MARYELLEN PUGH
ACCOUNTANT I

City of Flagstaff



**INTRODUCTORY
SECTION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF FLAGSTAFF

JUNE 30, 2002

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City of Flagstaff

December 20, 2002

Honorable Mayor, Members of the City Council,
and the Citizens of the City of Flagstaff
City of Flagstaff, Arizona

The Comprehensive Annual Financial Report of the City of Flagstaff, Arizona, for the fiscal year ended June 30, 2002, is submitted for your review. The City's Finance Division prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of principal officials, the City's organizational chart, and this transmittal letter. The financial section includes the general-purpose financial statements, the combining and individual fund and account group financial statements and schedules, and supporting schedules, as well as the auditors' report on the financial statements and schedules. The City has included supplemental financial information on debt service requirements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, City management personnel, bond rating agencies, and other agencies which have expressed an interest in Flagstaff's financial matters. Copies of this financial report will also be placed in the City library for use by the general public.

This report includes all funds and account groups of the City. The City provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events; and construction and maintenance of a water and sewer utility. In addition to general governmental activities, standards set by the Governmental Accounting Standards Board ("GASB") regarding the inclusion of certain entities based upon the significance of their operational or financial relationships with the City, require that the activities of the City of Flagstaff Municipal Facilities Corporation and the Greater Flagstaff Economic Council be included in the reporting entity

Economic Condition and Outlook

Sales tax receipts in fiscal year 2001-2002 increased by 9.0%. Retail sales, 61% of the sales tax base, increased 4.4%. Construction tax revenue increased 29.8% from the previous year. Automobile tax receipts were up 20.3%. Construction, sales of building materials to the end user (rather than contractors), large retail stores, and auto sales accounted for almost all of the increase in sales tax revenue.

Bed, Board and Booze revenues increased by 1.8% as compared to 2000-2001 activity.

A new transportation tax was implemented in August 2000. The tax was 0.51% at the beginning of the fiscal year and increased to 0.574% on September 1, 2001. The tax is used to support transportation and transit expenditures. The tax generated approximately \$6.2 million in revenue for the fiscal year 2001-2002.

Major Initiatives, Service Efforts and Accomplishments

For the Year

Maintained or improved service levels to citizens.

Continued an internal improvement process, the Organizational Development program.

Focused on growing needs through the evaluation and enhancement of revenue resources including:

- Impact fee analysis
- User fee analysis
- Establishment of cost allocation rates to charge administrative costs to grant funding (OMB 87)

Conducted the first all-mail ballot election in Coconino County.

Implemented a wireless communication solution for remote sites, increasing connection and processing speeds.

Completed numerous fuel management projects, which provided for the thinning of 1,257 acres and prescribed burning of 498 acres.

Acquired a major parcel in Sunnyside for non-profit, affordable housing development.

Invited bids for purchase and development of two city-owned parcels for market and affordable housing units.

Negotiated both a retention and expansion agreement with Ralston Purina. Ralston will be afforded a property tax break over the next ten to thirteen years under enabling State law.

Developed a pay plan for the Police Department to enhance retention as significant numbers of personnel had previously been lost to other police agencies due to compensation differences.

Initiated first phase of skill based pay in the Utilities department (pilot program).

The Regional Plan developed by the City and Coconino County was passed by voters on May 21, 2002.

Implemented a tax intercept program for the City Court.

Drilled two new water wells.

For the future

Continued investment in the future of the community through Capital Improvement Projects totaling \$63 million in FY2003. Major projects include Airport taxiway, Butler/Enterprise intersection, recreational park development, redevelopment in the Eastside area, and Rio de Flag water plant improvements.

Remodeling of facilities as designated by the Department of Justice to come into full compliance with the Americans with Disabilities Act.

Strengthen the City partnership with the Flagstaff Housing Authority, evaluate all housing programs in the City for effectiveness, and continue to reduce substandard housing stock through redevelopment programs.

Issue Request for Proposals for a conference center to encourage year-round business traffic and longer stays within the community.

Pursue a number of customer service initiatives including: Continued training and frequent promotion of the City customer service message; incorporate customer service expectations in all job descriptions, employee orientations, and performance appraisals; more effective and uniform complaint processing; and continued recognition of exemplary customer service.

Establish a permanent household hazardous waste program and site.

Continue current fuel management efforts.

Promote greater participation in the residential and commercial recycling program.

Develop and manage critical water resources for a sustainable supply.

Continue organizational development efforts by examining organizational structural relationships to determine if altering functional alignments may improve efficiency, effectiveness, or both.

City Highlight

The Fire Department is being highlighted in 2002 for its efforts in fuel management. Wildfire is the #1 threat to the Flagstaff community. The Fire Department's Fuel Management Program was initiated to reduce risk of catastrophic wildfire and improve forest health in and around the City. The program has grown substantially since inception in 1996 and is unique for a municipal fire service. Support from City Council and Flagstaff residents, the program's innovation approach, and actual on-the-ground accomplishments have drawn national attention over the last six years.

Work is done one-on-one with individual home and business owners. Department personnel conduct property inspections to assess wildfire risk and provide site-specific recommendations. Additional services offered include development of Forest Stewardship plans, marking trees targeted for selective thinning, and administration of homeowner/vendor contracts.

The Fire Department partners with the City Planning and Development staff to implement "Firewise" construction standards. Collaboration with the State Land Department, U.S. Forest Service, and the Greater Flagstaff Forests Partnership, among others extends the "Firewise" environment well beyond actual city boundaries. The Fuel Crew works year round to reduce hazardous fuel accumulations by selectively thinning dense stands of pine trees and conducting prescribed burns.

The fuel management program is currently 100% grant funded at both the State and Federal level. The elected officials, management, and especially the Fire personnel must be commended for their diligence and success with both the operational and funding considerations for this endeavor.

Financial Information

Internal Control

In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. These internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Single Audit

As a recipient of Federal, State, and County financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2002, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary System

The City also maintains budgetary controls to ensure compliance with budgetary and legal provisions embodied in the annual appropriated budget approved by the City Council. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the release of a purchase order. Encumbered appropriations are reappropriated at the end of each fiscal year.

The City is subject to both legal and expenditure limitations as set out in the State Constitution. The City cannot adopt a budget that exceeds the expenditure limitation determined annually by the State of Arizona's Economic Estimates Commission. This limitation is based on 1979-80 actual expenditures, adjusted to reflect interim population and cost of living changes. Certain items are specifically exempted, including bond sale proceeds; debt service payments and other long-term obligations; interest earnings; a portion of Highway User Tax revenues; Federal and State grants; and monies received pursuant to intergovernmental agreements. On March 1, 1988, as provided by State statute, the voters of Flagstaff approved a permanent base adjustment of \$1,900,000 to the 1979-80 base amount used in determining the annual expenditure limitation. The permanent increase was for the expenditure of the newly authorized Bed, Board and Booze Tax which was also approved in the March, 1988 election.

The City's budget process involves input from Division heads, Department heads, Administration, the City Council and the public. Annual budgets are adopted for all funds by department and division with the legal level of control for State budgetary purposes at the department level. Throughout the year budgetary control is maintained through the use of monthly management reports that compare actual or encumbered expenditures and revenues against the budgeted amounts. These reports are utilized to continuously monitor and manage budgets throughout the year.

General Governmental Revenues

Revenues of the governmental funds totaled \$63,197,572 in fiscal year 2001-2002; an increase of 2.8% over the fiscal year ended June 30, 2001.

The following schedule represents a summary of the general fund, special revenue funds, debt service funds, and capital project funds revenues for the fiscal year ended June 30, 2002, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue Sources</u>	<u>Actual Revenues</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Dollar Amount</u>	<u>Percentage Change From 2000-2001</u>
Taxes	\$ 30,986,091	49.0%	\$ 2,645,134	9.3%
Licenses and permits	2,014,357	3.2	695,907	52.8
Intergovernmental	24,008,885	38.0	(2,194,765)	-8.4
Charges for services	1,676,615	2.6	650,990	63.5
Fines and forfeiture	991,131	1.6	(2,454)	-0.2
Special assessments	350,894	0.6	81,100	30.1
Miscellaneous revenues	<u>3,169,599</u>	<u>5.0</u>	<u>(130,787)</u>	-4.0
Total revenues	\$ <u>63,197,572</u>	<u>100.0%</u>	\$ <u>1,745,125</u>	2.8%

The increase in taxes is a combined result of sales tax boosts in the various areas for the City. Sales tax increases were experienced in both construction and auto sales. The City's transportation tax that was enacted August 2000 was in place for a full fiscal year, and both primary and secondary property taxes were greater due to increased assessed valuations.

Licenses and permits increased due to very high activity in building permits. This activity is supported by the increase in sales tax receipts.

Intergovernmental revenue decreases are the direct result of the 2000 census survey count for Flagstaff. The census count evidenced no growth in the Flagstaff area between the 1995 Special Census and the 2000 regular census. As Flagstaff did not evidence any growth, the City experienced a decline in the population percentage as compared to the rest of the State which translated in an approximate \$2 million dollar decrease in state shared revenues.

The City of Flagstaff and Coconino County partnered on a new Law Enforcement Administrative Facility (LEAF) with construction complete in April 2000. The City provides a number of administrative services including records management and dispatch services for both entities. The County reimburses the City for its' appropriate share of these administrative costs, and this reimbursement accounts for the increase in Charges for Services.

Special Assessments increase is due to early payoffs on the two city special districts, Downtown and Bow & Arrow Sewer.

General Governmental Expenditures

The schedule on the following page presents a summary of general, special revenue, debt service, and capital project funds for the fiscal year ended June 30, 2002 and the amount and percentage of increase and decrease in relation to prior year expenditures.

The increase in general government expenditures are the result of the addition of the Capital Improvement division, and land purchases for facilities redevelopment in downtown and east Flagstaff. Parks and Recreation decreased due to budget reductions and decreased capital activity as the City awaited final dispensation regarding Department of Justice Americans with Disabilities requirements. Public safety increased due to the operation of a new facility for an entire fiscal year and a new pay plan for police officers to assist in recruitment. Community Development increases are attributed to progress made on the Rio de Flag project and groundwork for the implementation of a stormwater utility.

Highways and Streets increases are due to the initiation and near completion of several large projects including the Butler/Enterprise intersection and design for the 4th Street overpass. Library expenses decreased due to the completion of the automation system installation. Recreation increases are due to Foxglenn Park construction and Continental land purchases for parks. Capital project activity increased due to the construction of a new building for the United States Geological Survey.

Beautification division's increase is due to more capital activity in the current year. The Economic Development decrease was the result of less expenditures in the current fiscal year on the incubator project.

Function	Actual Expenditures	Percent of Total	Increase (Decrease) Dollar Amount	Percentage Change From 2000-2001
Current Operations:				
General government	\$ 5,834,543	8.5%	\$ 1,300,661	28.7%
Parks and recreation	3,853,094	5.6	(301,452)	-7.3
Public safety	16,057,019	23.2	576,972	3.7
Public works	950,242	1.4	(115,932)	-10.9
Cemetery	162,844	0.2	(706)	-0.4
Community development	5,359,095	7.8	1,691,153	46.1
Health & social services	933,583	1.4	(106,831)	-10.3
Criminal justice	1,335,400	1.9	189,946	16.6
Highway & streets	15,648,877	22.7	7,913,727	102.3
Library	2,575,113	3.7	(491,845)	-16.0
Real Estate Proceeds	408,584	0.6	35,401	9.5
Beautification	475,284	0.7	222,447	88.0
Economic development	315,168	0.5	(85,678)	-21.4
Tourism	1,292,951	1.9	39,165	3.1
Arts and Science	345,217	0.5	18,953	5.8
Recreation	1,325,552	1.9	1,217,953	1131.9
Community Redevelopment	1,649,109	2.4	467,615	39.6
Contingencies	186,944	0.3	(13,719)	-6.8
Subtotal	58,708,619	85.2	12,557,830	27.2
Capital projects	5,788,006	8.4	3,622,017	167.2
Debt service	4,422,074	6.4	215,154	5.1
Total	\$ <u>68,918,699</u>	<u>100.0%</u>	\$ <u>16,395,001</u>	31.2%

Fund Balance

Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unencumbered appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. Encumbered amounts are reported as reservations of fund balance.

Fund	Fund Balances		
	June 30, 2002	June 30, 2001	Increase (Decrease)
General	\$ 18,493,931	19,420,953	(927,022)
Special Revenue	26,476,529	24,317,465	2,159,064
Debt Service	681,757	419,259	262,498
Capital Projects	425,203	5,154,410	(4,729,207)
Total	\$ <u>46,077,420</u>	<u>49,312,087</u>	<u>(3,234,667)</u>

The General Fund decreased due to expenditure of fund balance towards the Rio de Flag flood control project. The Special Revenue Fund balance is a compilation of numerous changes in the eleven funds however there are several very large capital carryovers for the street construction and park improvements totaling \$7.2 million. The Debt Service Fund increase is due to a large number of prepayments in the special improvement districts. The Capital Project Fund decrease is due to the near completion of the USGS facility construction.

Enterprise Operations

The City's enterprise operations are three separate and distinct activities; the Water and Wastewater Utility, the Airport, and the Environmental Services operations that include residential, commercial and landfill services. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to proprietary (private business) enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges, or (b) it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The following schedule presents current year income or loss before operating transfers for the Enterprise funds:

<u>Fund</u>	<u>2001-2002</u>	<u>Increase/ (Decrease) from 2000-2001</u>	<u>Percent of Increase/ (Decrease)</u>
Water and Wastewater	\$ 7,037,187	\$ (1,025,822)	-12.7%
Airport	5,169,101	5,058,835	4587.8
Environmental Services	<u>367,386</u>	<u>(294,126)</u>	-44.5
Total	\$ <u>12,573,674</u>	\$ <u>3,738,887</u>	42.3%

The decrease in the Water and Wastewater Fund is due to the decrease in capital contributions. The increase in Airport fund is due to the change in recognition of contributed capital as revenue. The Government Accounting Standards Board (GASB) for the fiscal year ended June 30, 2001 mandated this accounting change with the adoption of GASB 33. Retroactive changes were made to the June 30, 2001 unreserved retained earnings. The City applied existing policy to the Environmental Services Fund increasing its' expenditures as City residential and commercial collection programs are now charged for landfill fees.

Pension Trust Fund Operations

The operations of the Firemen's Pension Trust Fund remained very stable in FY2002. The 47% revenue decrease is directly related to lower interest earnings in the fund. The fund continues a relatively stable distribution of benefits to qualified participants.

Debt Administration

At June 30, 2002 the City had outstanding debt issues of \$56,142,726, net of cash deposited with fiscal agents for July 1, 2002 bond maturities. The breakdown was:

	Balance June 30, 2002
General Obligation-Tax supported	\$ 10,830,000
General Obligation-Water and Wastewater	23,154,726
Street and Highway	16,270,000
Special Assessment Bonds	1,188,000
Other	4,700,000
	<hr/>
Total	\$ <u>56,142,726</u>

The City received authorization from the voters on November 6, 1990 to issue \$40,700,000 in bonds for water and sewer improvements, and on November 5, 1996 authorization to issue \$8,200,000 in bonds for Recreation. The 1990 election authorized the City Council to use the water and sewer bond authorization as either general obligation bonds, water and sewer revenue bonds, or water and sewer revenue bonds with a pledge of the City's full faith and credit. Current bond ratings for the City of Flagstaff are: General Obligation - Moody's Investor Service AAa3, Standard and Poor's A+; Water and Sewer Revenue Bonds - Moody's Investor Service A-1, and Standard and Poor's A; Street and Highway Revenue Bonds - Moody's Investor Service A-1, and Standard and Poor's A+.

The ratio of general obligation bonded debt, supported by the City's General Fund, to secondary assessed valuation and the amount of bonded debt per capita are standard indicators of a City's debt position and debt burden. The following is a summary of selected indicators at June 30, 2002:

	Amount	Ratio of Debt to Secondary Assessed Value	Debt Per Capita
Net Direct Bonded Debt	\$ 33,984,726	7.9%	\$ 574.45
Estimated Overlapping Debt	31,336,500	7.3	529.69
	<hr/>		<hr/>
Net Direct and Estimated Overlapping Debt	\$ <u>65,321,226</u>	<u>15.2%</u>	<u>\$ 1,104.14</u>

Authorized but unissued bonds as of the date of this report consist of \$6,775,760 of water and sewer bonds, and \$1,100,000 in general obligation bonds for recreation facilities.

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, artificial light, open space, parks, playgrounds and recreational facilities up to an amount not exceeding 20% of the secondary assessed valuation and general obligation bonds for all purposes other than those listed up to an amount not exceeding 6% of the secondary assessed valuation.

At June 30, 2002, the 20% debt limitation was \$85,806,080, providing a debt margin of \$57,381,354 and the 6% debt limitation was \$25,741,824, providing a debt margin of \$20,181,824 based on the 2001 assessed values.

Cash Management

The City's investment policy is to invest all temporarily idle cash in investments authorized by City resolution or State statute at the highest available interest rate while emphasizing safety of principal and liquidity. Excess funds were invested in the State Treasurer's Local Government Investment Pool (LGIP) and in obligations of the U.S. Treasury and its agencies, demand deposits and repurchase agreements. The City utilizes a pooled cash concept in order to invest greater amounts of cash at one time, thus increasing the yield. The average yield for pooled investments in LGIP for the 2002 fiscal year was 2.8%, and 5.09% for other securities.

Risk Management

In August of 1986, the Mayor and Council approved the establishment of a self-insurance program. This program is a limited program for workmen's compensation, liability, health and unemployment insurance and claim revenues. Budgeted premiums are paid by the originating fund to the self-insurance fund. For liability insurance the City maintains a \$25,000 self-insured retention amount and purchases commercial insurance for claims in excess of coverage. All claims, legal fees and premiums are then paid from the fund. At June 30, 2002, the self-insurance fund had a fund balance of \$5.5 million.

The City of Flagstaff participates in a risk sharing pool for employee health care, through Northern Arizona Public Employees Trust, a public entity risk pool. Members do not bear any risk of loss. The overall experience rating of the trust determines premium charges.

Other Information

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Nordstrom and Associates, has been selected by the City Council. The auditor's report on the general purpose financial statements and combining individual fund and account group statements and schedules is included in the financial section of this report.

In addition to this report, the auditors were also contracted to perform the single audit of the City's Federal Grant Programs. This audit was designed to meet the requirements of the Federal Single Audit Act of 1984, and Single Audit Act Amendment of 1996 and the related OMB Circular A-133. Due to the size and complexity of the City's financial system, the single audit report is issued separately from this financial report. Copies are available upon request.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Flagstaff, Arizona, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. This was the ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's award for Distinguished Budget Presentation for our 2001-2002 annual budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a Policy Document, a Financial Plan, and an Operation Guide and as a Communication Device.

Acknowledgements

I want to thank the Finance staff for their efforts in preparing this report and City Departments and Divisions for their cooperation and assistance throughout the year. I would also like to thank the Mayor, members of the City Council, the Audit Committee and City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. The cooperative assistance of our independent auditor, Nordstrom and Associates, also contributed significantly to this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mary Jo Jenkins', with a long horizontal flourish extending to the right.

Mary Jo Jenkins
Management Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Flagstaff,
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Patrick Pate
President

Jeffrey L. Essler
Executive Director

**FINANCIAL
SECTION**

Bruce J. Nordstrom, CPA
Godfrey C. Loper, Jr., CPA
Marjorie T. McClanahan, CPA
Timothy D. Hansen, CPA



MEMBERS

American Institute of
Certified Public Accountants
Arizona Society of Certified
Public Accountants

INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members of the City Council
City of Flagstaff, Arizona**

We have audited the accompanying general purpose financial statements of City of Flagstaff, Arizona (the City), as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of Greater Flagstaff Economic Council, a discretely presented component unit of the City. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements insofar as it relates to the amounts included for Greater Flagstaff Economic Council, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Flagstaff, Arizona, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types and the net assets and changes in net assets of its firemen's pension trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The information included in the introductory and statistical sections listed in the table of contents has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on such information.

In accordance with *Government Auditing Standards* we have issued our report dated October 2, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Nordstrom & Associates, P.C.

**Flagstaff, Arizona
October 2, 2002**



City of Flagstaff
 Combined Balance Sheet-All Fund Types,
 Account Groups and Discretely Presented
 Component Unit
 June 30, 2002

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets and Other Debits						
Assets:						
Cash and Cash Equivalents	\$ 17,175,433	25,921,999	2,251,227	115,488	25,242,869	5,281,219
Receivable from Sale of Property	--	143,238	--	--	--	--
Intergovernmental Receivable	18,221	29,152	--	--	--	--
Accounts Receivable (Net)	2,415,441	901,220	--	961,128	3,255,788	55,571
Interest Receivable	132,742	133,107	--	--	198,559	42,837
Sales Tax Receivable	2,261,040	805,873	--	--	--	--
Bond Proceeds Receivable	--	--	--	788,587	--	--
Grants Receivable	352,093	885,700	--	--	4,054,075	--
Special Assessments Receivable	--	--	904,292	--	--	--
Interfund Receivable	1,440,000	2,830,000	--	--	--	94,897
Restricted Assets:						
Cash and Cash Equivalents	62,870	88,580	--	--	9,039,042	--
Interest Receivable	--	--	--	--	15,799	--
Accounts Receivable (Net)	--	733,384	--	--	--	--
Inventory	174,932	--	--	--	428,127	--
Contractor Performance Bonds	360,245	--	--	--	--	--
Fixed Assets (Net of Applicable Accumulated Depreciation)	--	--	--	--	198,532,790	--
Miscellaneous Assets	--	--	--	--	--	--
Other Debits:						
Amount Available in Debt Service Fund	--	--	--	--	--	--
Amount to be Provided for General Long-term Debt	--	--	--	--	--	--
Total Assets and Other Debits	<u>\$ 24,393,017</u>	<u>32,472,253</u>	<u>3,155,519</u>	<u>1,865,203</u>	<u>240,767,049</u>	<u>5,474,524</u>

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit Greater Flagstaff Economic Council	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Debt			
Trust					
226,632	--	--	76,214,867	306,560	76,521,427
--	--	--	143,238	--	143,238
--	--	--	47,373	--	47,373
--	--	--	7,589,148	120,421	7,709,569
--	--	--	507,245	--	507,245
--	--	--	3,066,913	--	3,066,913
--	--	--	788,587	--	788,587
--	--	--	5,291,868	--	5,291,868
--	--	--	904,292	--	904,292
--	--	--	4,364,897	--	4,364,897
--	--	--	9,190,492	--	9,190,492
--	--	--	15,799	--	15,799
--	--	--	733,384	--	733,384
--	--	--	603,059	--	603,059
--	--	--	360,245	--	360,245
--	75,692,155	--	274,224,945	15,623	274,240,568
--	--	--	--	2,407	2,407
--	--	681,757	681,757	--	681,757
--	--	31,478,254	31,478,254	--	31,478,254
<u>226,632</u>	<u>75,692,155</u>	<u>32,160,011</u>	<u>416,206,363</u>	<u>445,011</u>	<u>416,651,374</u>

(Continued)

Exhibit A-1
(Continued)

City of Flagstaff
Combined Balance Sheet-All Fund Types,
Account Groups and Discretely Presented
Component Unit
June 30, 2002

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Equity and Other Credits						
Liabilities:						
Accounts Payable	\$ 2,518,619	2,876,242	1,063	--	2,573,303	235,390
Accrued Wages and Payroll Taxes	948,515	109,034	--	--	271,874	--
Current Bonds and Capital Leases Payable	--	1,490,000	1,260,000	--	--	--
Interest Payable	101,192	450,246	308,407	--	--	--
Payable from Restricted Assets:						
Interest Payable	--	--	--	--	713,029	--
General Obligation Bonds	--	--	--	--	1,918,110	--
Customer Deposits	--	--	--	--	556,740	--
Landfill Closure and Post-Closure Liability	--	--	--	--	3,886,862	--
Deferred Revenue	--	777,077	--	--	--	--
Grant Revenue in Advance	62,870	44,887	--	--	--	--
Guaranty and Other Deposits	1,656,150	--	--	--	108,199	--
Insurance Payable	--	--	--	--	--	40,417
Capital Lease Payable	--	--	--	--	62,684	--
Interfund Payable	--	105,000	--	1,440,000	2,819,897	--
Deferred Revenue	611,740	143,238	904,292	--	133,243	--
Bonds Payable (Less Current Portion):						
General Obligation Bonds	--	--	--	--	25,049,725	--
Revenue Bonds	--	--	--	--	--	--
Special Assessment Bonds	--	--	--	--	--	--
Loans Payable	--	--	--	--	4,040,319	--
Landfill Closure and Post-Closure Liability	--	--	--	--	7,636,068	--
Total Liabilities	5,899,086	5,995,724	2,473,762	1,440,000	49,770,053	275,807
Equity and Other Credits:						
Contributed Capital	--	--	--	--	90,394,471	--
Investment in Fixed Assets	--	--	--	--	--	--
Retained Earnings:						
Reserved for:						
Renewal and Replacement	--	--	--	--	1,593,915	--
Airport Construction	--	--	--	--	386,185	--
Unreserved	--	--	--	--	98,622,425	5,198,717
Fund Balances:						
Reserved for Inventory	174,932	--	--	--	--	--
Reserved for Capital Projects	--	--	--	425,203	--	--
Reserved for Debt Service	--	--	681,757	--	--	--
Reserved for Employee's Pension Benefits	--	--	--	--	--	--
Unreserved	18,318,999	26,476,529	--	--	--	--
Total Retained Earnings/Fund Balance	18,493,931	26,476,529	681,757	425,203	100,602,525	5,198,717
Total Equity and Other Credits	18,493,931	26,476,529	681,757	425,203	190,996,996	5,198,717
Total Liabilities, Equity and Other Credits	\$ 24,393,017	32,472,253	3,155,519	1,865,203	240,767,049	5,474,524

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit Greater Flagstaff Economic Council	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Debt			
Trust					
--	--	--	8,204,617	75,796	8,280,413
--	--	1,067,011	2,396,434	4,464	2,400,898
--	--	--	2,750,000	--	2,750,000
--	--	--	859,845	--	859,845
--	--	--	713,029	--	713,029
--	--	--	1,918,110	--	1,918,110
--	--	--	556,740	--	556,740
--	--	--	3,886,862	--	3,886,862
--	--	--	777,077	--	777,077
--	--	--	107,757	--	107,757
--	--	--	1,764,349	--	1,764,349
--	--	--	40,417	--	40,417
--	--	--	62,684	--	62,684
--	--	--	4,364,897	--	4,364,897
--	--	--	1,792,513	--	1,792,513
--	--	13,635,000	38,684,725	--	38,684,725
--	--	16,270,000	16,270,000	--	16,270,000
--	--	1,188,000	1,188,000	--	1,188,000
--	--	--	4,040,319	--	4,040,319
--	--	--	7,636,068	--	7,636,068
--	--	32,160,011	98,014,443	80,260	98,094,703
--	--	--	90,394,471	--	90,394,471
--	75,692,155	--	75,692,155	15,623	75,707,778
--	--	--	1,593,915	--	1,593,915
--	--	--	386,185	--	386,185
--	--	--	103,821,142	--	103,821,142
--	--	--	174,932	--	174,932
--	--	--	425,203	--	425,203
--	--	--	681,757	--	681,757
226,632	--	--	226,632	--	226,632
--	--	--	44,795,528	349,128	45,144,656
226,632	--	--	152,105,294	349,128	152,454,422
226,632	75,692,155	--	318,191,920	364,751	318,556,671
226,632	75,692,155	32,160,011	416,206,363	445,011	416,651,374

City of Flagstaff
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types and Discretely Presented Component Unit
 For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types				Total Primary Government (Memorandum Only)	Component Unit Greater Flagstaff Economic Council	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			
Revenues:							
Taxes	\$ 16,644,117	10,144,197	4,197,777	--	30,986,091	--	30,986,091
Licenses and Permits	2,014,357	--	--	--	2,014,357	--	2,014,357
Intergovernmental Revenue	12,280,265	11,477,026	--	251,594	24,008,885	--	24,008,885
Charges for Services	1,676,615	--	--	--	1,676,615	--	1,676,615
Fines and Forfeitures	991,131	--	--	--	991,131	--	991,131
Special Assessments	--	--	350,894	--	350,894	--	350,894
Miscellaneous Revenues	1,233,912	1,766,231	101,917	67,539	3,169,599	21,116	3,190,715
Contributions	--	--	--	--	--	383,889	383,889
Memberships	--	--	--	--	--	45,538	45,538
Total Revenues	34,840,397	23,387,454	4,650,588	319,133	63,197,572	450,543	63,648,115
Expenditures:							
Current:							
General Government	5,834,543	--	--	--	5,834,543	--	5,834,543
Parks and Recreation	3,853,094	--	--	--	3,853,094	--	3,853,094
Public Safety	16,057,019	--	--	--	16,057,019	--	16,057,019
Public Works	950,242	--	--	--	950,242	--	950,242
Cemetery	162,844	--	--	--	162,844	--	162,844
Community Development	5,359,095	--	--	--	5,359,095	--	5,359,095
Contributions to Other Agencies	933,583	--	--	--	933,583	--	933,583
Criminal Justice	1,335,400	--	--	--	1,335,400	--	1,335,400
Highways and Streets	--	15,648,877	--	--	15,648,877	--	15,648,877
Library	--	2,575,113	--	--	2,575,113	--	2,575,113
Real Estate Proceeds	--	408,584	--	--	408,584	--	408,584
Beautification	--	475,284	--	--	475,284	--	475,284
Economic Development	--	315,168	--	--	315,168	429,417	744,585
Tourism	--	1,292,951	--	--	1,292,951	--	1,292,951
Arts and Science	--	345,217	--	--	345,217	--	345,217
Recreation	--	1,325,552	--	--	1,325,552	--	1,325,552
Community Redevelopment	--	1,649,109	--	--	1,649,109	--	1,649,109
Contingencies	186,944	--	--	--	186,944	--	186,944
Capital Outlays	--	--	--	5,788,006	5,788,006	--	5,788,006
Debt Service:							
Principal Retirement	--	1,490,000	1,489,000	--	2,979,000	--	2,979,000
Interest and Fiscal Charges	--	901,679	541,395	--	1,443,074	--	1,443,074
Total Expenditures	34,672,764	26,427,534	2,030,395	5,788,006	68,918,699	429,417	69,348,116

(Continued)

The notes to the financial statements are an integral part of this statement.

City of Flagstaff
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types and Discretely Presented Component Unit
 For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types				Total Primary Government (Memorandum Only)	Component Unit Greater Flagstaff Economic Council	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 167,633	(3,040,080)	2,620,193	(5,468,873)	(5,721,127)	21,126	(5,700,001)
Other Financing Sources (Uses):							
Operating Transfers - In	4,883,245	5,318,815	1,731,044	1,061,000	12,994,104	--	12,994,104
Bond Proceeds	--	3,100,000	--	--	3,100,000	--	3,100,000
Operating Transfers - Out	(5,977,900)	(3,219,671)	(4,088,739)	(321,334)	(13,607,644)	--	(13,607,644)
Total Other Financing Sources (Uses)	(1,094,655)	5,199,144	(2,357,695)	739,666	2,486,460	--	2,486,460
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(927,022)	2,159,064	262,498	(4,729,207)	(3,234,667)	21,126	(3,213,541)
Fund Balances at Beginning of Year	19,420,953	24,317,465	419,259	5,154,410	49,312,087	328,002	49,640,089
Fund Balances at End of Year	<u>\$ 18,493,931</u>	<u>26,476,529</u>	<u>681,757</u>	<u>425,203</u>	<u>46,077,420</u>	<u>349,128</u>	<u>46,426,548</u>

The notes to the financial statements are an integral part of this statement.

City of Flagstaff
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types
 Budget and Actual
 For the Fiscal Year Ended June 30, 2002

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes	\$ 15,572,864	16,644,117	1,071,253	9,738,052	10,144,197	406,145
Licenses and Permits	1,491,003	2,014,357	523,354	--	--	--
Intergovernmental Revenue	12,099,322	12,280,265	180,943	14,556,853	11,477,026	(3,079,827)
Charges for Services	1,547,822	1,676,615	128,793	--	--	--
Fines and Forfeitures	1,047,238	991,131	(56,107)	--	--	--
Special Assessments	--	--	--	--	--	--
Miscellaneous Revenues	2,176,921	1,233,912	(943,009)	1,873,268	1,766,231	(107,037)
Total Revenues	33,935,170	34,840,397	905,227	26,168,173	23,387,454	(2,780,719)
Expenditures:						
Current:						
General Government	12,007,732	5,834,543	6,173,189	--	--	--
Parks and Recreation	4,979,127	3,853,094	1,126,033	--	--	--
Public Safety	16,957,578	16,057,019	900,559	--	--	--
Public Works	1,484,734	950,242	534,492	--	--	--
Cemetery	181,207	162,844	18,363	--	--	--
Community Development	8,139,522	5,359,095	2,780,427	--	--	--
Contributions to Other Agencies	1,052,385	933,583	118,802	--	--	--
Criminal Justice	1,367,933	1,335,400	32,533	--	--	--
Highways and Streets	--	--	--	28,034,002	15,648,877	12,385,125
Library	--	--	--	3,256,239	2,575,113	681,126
Real Estate Proceeds	--	--	--	885,000	408,584	476,416
Beautification	--	--	--	1,298,789	475,284	823,505
Economic Development	--	--	--	379,900	315,168	64,732
Tourism	--	--	--	1,644,203	1,292,951	351,252
Arts and Science	--	--	--	414,493	345,217	69,276
Recreation	--	--	--	6,124,308	1,325,552	4,798,756
Community Redevelopment	--	--	--	2,467,189	1,649,109	818,080
Contingencies	700,000	186,944	513,056	--	--	--
Capital Outlays	--	--	--	--	--	--
Debt Service:						
Principal Retirement	--	--	--	1,490,000	1,490,000	--
Interest and Fiscal Charges	--	--	--	904,293	901,679	2,614
Total Expenditures	46,870,218	34,672,764	12,197,454	46,898,416	26,427,534	20,470,882
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,935,048)	167,633	13,102,681	(20,730,243)	(3,040,080)	17,690,163
Other Financing Sources (Uses):						
Operating Transfers - In	5,294,421	4,883,245	(411,176)	10,399,198	5,318,815	(5,080,383)
Bond Proceeds	--	--	--	3,100,000	3,100,000	--
Copy Center Reserve	140,000	--	(140,000)	--	--	--
Operating Transfers- Out	(6,315,788)	(5,977,900)	337,888	(8,742,866)	(3,219,671)	5,523,195
Total Other Financing Sources (Uses)	(881,367)	(1,094,655)	(213,288)	4,756,332	5,199,144	442,812
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(13,816,415)	(927,022)	12,889,393	(15,973,911)	2,159,064	18,132,975
Fund Balances at Beginning of Year	16,946,498	19,420,953	2,474,455	23,252,187	24,317,465	1,065,278
Fund Balances at End of Year	\$ 3,130,083	18,493,931	15,363,848	7,278,276	26,476,529	19,198,253

The notes to the financial statements are an integral part of this statement.

Debt Service Funds			Capital Projects Funds		
Budget	Actual	Variance	Budget	Actual	Variance
4,204,927	4,197,777	(7,150)	--	--	--
--	--	--	--	--	--
--	--	--	75,048	251,594	176,546
--	--	--	--	--	--
214,413	350,894	136,481	--	--	--
84,311	101,917	17,606	--	67,539	67,539
<u>4,503,651</u>	<u>4,650,588</u>	<u>146,937</u>	<u>75,048</u>	<u>319,133</u>	<u>244,085</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
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--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	4,832,096	5,788,006	(955,910)
1,489,000	1,489,000	--	--	--	--
607,629	541,395	66,234	--	--	--
<u>2,096,629</u>	<u>2,030,395</u>	<u>66,234</u>	<u>4,832,096</u>	<u>5,788,006</u>	<u>(955,910)</u>
<u>2,407,022</u>	<u>2,620,193</u>	<u>213,171</u>	<u>(4,757,048)</u>	<u>(5,468,873)</u>	<u>(711,825)</u>
1,795,816	1,731,044	(64,772)	1,061,000	1,061,000	--
--	--	--	4,486,343	--	(4,486,343)
--	--	--	--	--	--
<u>(4,111,181)</u>	<u>(4,088,739)</u>	<u>22,442</u>	<u>(321,334)</u>	<u>(321,334)</u>	<u>--</u>
<u>(2,315,365)</u>	<u>(2,357,695)</u>	<u>(42,330)</u>	<u>5,226,009</u>	<u>739,666</u>	<u>(4,486,343)</u>
91,657	262,498	170,841	468,961	(4,729,207)	(5,198,168)
435,977	419,259	(16,718)	660,869	5,154,410	4,493,541
<u>527,634</u>	<u>681,757</u>	<u>154,123</u>	<u>1,129,830</u>	<u>425,203</u>	<u>(704,627)</u>

City of Flagstaff
 Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Proprietary Fund Types		Total Memorandum Only	
	Enterprise	Internal Service	2002	2001
Operating Revenues:				
Water Revenues	\$ 10,438,668	--	10,438,668	10,560,317
Sewer Revenues	6,454,599	--	6,454,599	6,468,407
Airport Revenues	838,596	--	838,596	804,056
Environmental Services Revenues	6,667,016	--	6,667,016	5,144,988
Intergovernmental Revenue	788	--	788	--
City Contribution	--	4,461,009	4,461,009	4,019,335
Miscellaneous Revenues	3,786	1,114	4,900	10,956
Total Operating Revenues	24,403,453	4,462,123	28,865,576	27,008,059
Operating Expenses				
Staff Support and Services	2,801,831	--	2,801,831	2,905,766
Administration	644,962	--	644,962	496,247
Water	4,126,431	--	4,126,431	4,574,334
Wastewater	3,100,746	--	3,100,746	2,909,411
Airport	753,331	--	753,331	770,650
Environmental Services	5,273,607	--	5,273,607	3,730,844
Employee Benefit Insurance	--	4,158,709	4,158,709	3,626,754
Other Insurance	--	636,567	636,567	832,886
	16,700,908	4,795,276	21,496,184	19,846,892
Depreciation	6,800,564	--	6,800,564	6,685,318
Total Operating Expenses	23,501,472	4,795,276	28,296,748	26,532,210
Operating Income (Loss)	901,981	(333,153)	568,828	475,849
Non-Operating Revenues (Expenses):				
Interest Income	1,019,530	166,087	1,185,617	2,155,601
Interest Expense and Fiscal Charges	(1,466,702)	--	(1,466,702)	(1,733,528)
Water and Sewer Buy-Ins	1,595,052	--	1,595,052	1,261,030
Net Gain (Loss) on Disposal of Fixed Assets	(162,279)	--	(162,279)	14,103
Contributed Revenue	10,653,459	--	10,653,459	6,554,879
Miscellaneous	32,633	--	32,633	(8,024)
Total Non-Operating Revenues (Expenses)	11,671,693	166,087	11,837,780	8,244,061

(Continued)

The notes to the financial statements are an integral part of this statement.

City of Flagstaff
 Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances
 All Proprietary Fund Types - Continued
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Proprietary Fund Types		Total Memorandum Only	
	Enterprise	Internal Service	2002	2001
Income (Loss) Before Operating Transfers	\$ 12,573,674	(167,066)	12,406,608	8,719,910
Operating Transfers In (Out):				
Operating Transfers - In from:				
Secondary Property Tax Revenue Fund	2,523,950	--	2,523,950	2,625,000
General Fund	880,969	--	880,969	845,688
Economic Development Fund	29,978	--	29,978	--
Beautification	--	--	--	29,247
Operating Transfers - Out to:				
General Fund	(2,821,357)	--	(2,821,357)	(2,809,811)
Net Operating Transfers In (Out)	613,540	--	613,540	690,124
Net Income (Loss)	13,187,214	(167,066)	13,020,148	9,410,034
Add Back Depreciation on Fixed Assets Acquired with Capital Grants	1,475,075	--	1,475,075	1,517,557
Increase (Decrease) in Retained Earnings	14,662,289	(167,066)	14,495,223	10,927,591
Retained Earnings (Deficit) July 1	85,940,236	5,365,783	91,306,019	80,378,428
Retained Earnings at June 30 as Restated	\$ 100,602,525	5,198,717	105,801,242	91,306,019

The notes to the financial statements are an integral part of this statement.

City of Flagstaff
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Total Memorandum Only
Cash Flows From Operating Activities			
Cash Received From Customers and Users	\$ 24,290,599	4,435,243	28,725,842
Cash Payments to Suppliers of Goods and Services	(7,008,876)	(4,755,097)	(11,763,973)
Cash Payments to Employees for Services	(7,915,699)	--	(7,915,699)
Operating Grants Received	21,460	--	21,460
Increase in Customer Deposits	34,465	--	34,465
Miscellaneous Operating Revenue (Expense)	35,281	1,114	36,395
Net Cash Provided (Used) by Operating Activities	9,457,230	(318,740)	9,138,490
Cash Flows From Non-Capital Financing Activities			
Operating Transfers In From Other Funds	3,340,664	--	3,340,664
Increase in Interfund Payable	1,875,000	--	1,875,000
Operating Transfers Out to Other Funds	(2,727,124)	--	(2,727,124)
Change in Guarantees	8,045	--	8,045
Net Cash Provided (Used) by Non-Capital Financing Activities	2,496,585	--	2,496,585
Cash Flows From Capital and Related Financing Activities			
Capital Grants Received	4,360,816	--	4,360,816
Capital Contributed by Contractors	1,595,052	--	1,595,052
Bonds			
Principal Payments	(1,389,735)	--	(1,389,735)
Interest Payments and Related Expenses	(1,042,717)	--	(1,042,717)
Proceeds From Sale of Capital Assets	15,641	--	15,641
Acquisition and Construction of Capital Assets	(14,351,344)	--	(14,351,344)
Increase in Arbitrage Liability	(101,726)	--	(101,726)
Principal Paid on ADEQ Loan	(289,605)	--	(289,605)
Capital Lease			
Principal Payments	(27,740)	--	(27,740)
Interest Payments	(6,899)	--	(6,899)
Capital Loan			
Principal Payments	(23,698)	--	(23,698)
Interest Payments	(31,251)	--	(31,251)
Increase in Deferred Revenue	(19,033)	--	(19,033)
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,312,239)	--	(11,312,239)
Cash Flows From Investing Activities			
Interest From Investments	1,058,857	182,631	1,241,488
Net Cash From Investing Activities	1,058,857	182,631	1,241,488
Net Increase (Decrease) in Cash	1,700,433	(136,109)	1,564,324
Cash Balance at Beginning of Year	32,581,478	5,417,328	37,998,806
Cash Balance at End of Year	<u>\$ 34,281,911</u>	<u>5,281,219</u>	<u>39,563,130</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

City of Flagstaff
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Total Memorandum Only
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 901,981	(333,153)	568,828
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	6,800,564	--	6,800,564
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(109,068)	(25,766)	(134,834)
(Increase) Decrease in Inventory	(113,935)	--	(113,935)
Increase (Decrease) in Accounts Payable	1,312,841	40,179	1,353,020
Increase (Decrease) in Accrued Payroll and Payroll Taxes	32,345	--	32,345
Increase in Customer Deposits	34,465	--	34,465
Increase (Decrease) in Operating Grants Receivable	21,460	--	21,460
Increase (Decrease) in Landfill Closure and Post-Closure Liability	545,082	--	545,082
Miscellaneous Revenues (Expenses)	31,495	--	31,495
Total Adjustments	8,555,249	14,413	8,569,662
Net Cash Provided (Used) by Operating Activities	\$ 9,457,230	(318,740)	9,138,490
Non-Cash Investing, Capital, and Financing Activities			
Developers Contributing Assets to Governmental Entity	\$ 3,645,030	--	3,645,030
Cash and Cash Equivalents			
Unrestricted	\$ 25,242,869	5,281,219	30,524,088
Restricted	9,039,042	--	9,039,042
Cash Balance June 30	\$ 34,281,911	5,281,219	39,563,130

The notes to the financial statements are an integral part of this statement.

Exhibit A-6

City of Flagstaff
 Firemen's Pension Trust Fund
 Statement of Plan Net Assets
 June 30, 2002
 (With Comparative Totals as of June 30, 2001)

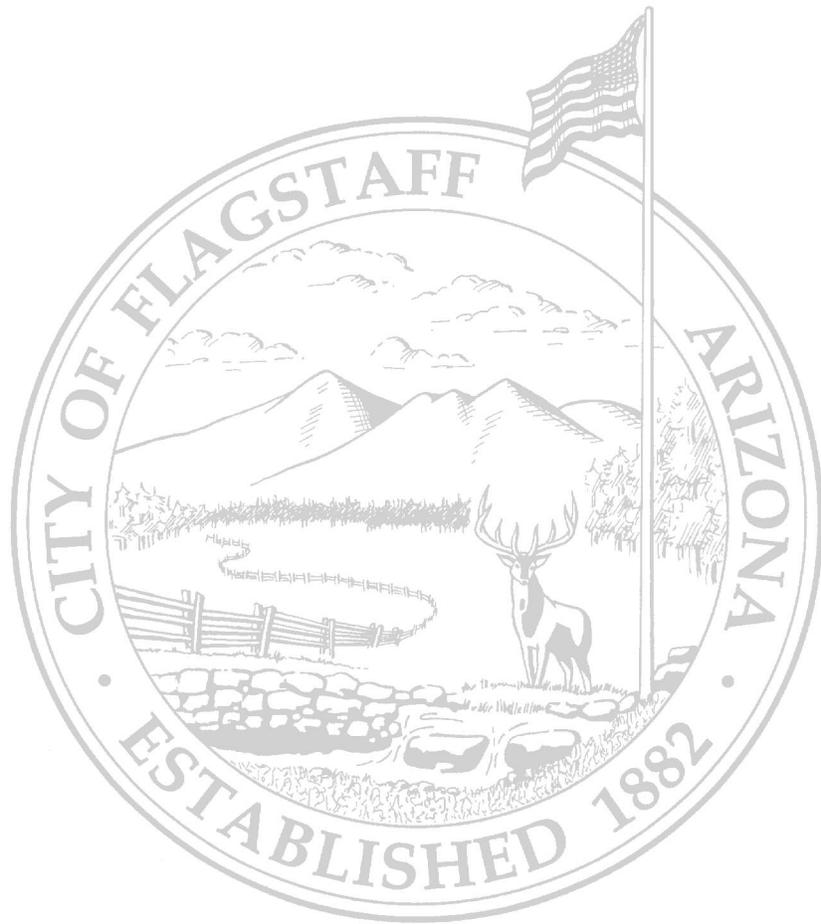
	2002	2001
Assets:		
Cash and Cash Equivalents	\$ 226,632	\$ 226,593
Total Assets	226,632	226,593
Liabilities:		
Total Liabilities	--	--
Net Assets Held in Trust for Pension Benefits (The Funding Status and Progress is presented on page 42 and 43.)	\$ 226,632	\$ 226,593

The notes to the financial statements are an integral part of this statement.

City of Flagstaff
Firemen's Pension Trust Fund
Statement of Changes in Plan Net Assets
For the Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	<u>2002</u>	<u>2001</u>
	<u>Actual</u>	<u>Actual</u>
Additions:		
Investment Income:		
Interest Income	\$ 7,125	13,620
Other Income	<u>114</u>	<u>95</u>
Total Additions	<u>7,239</u>	<u>13,715</u>
Deductions:		
Distributions to Participants	<u>7,200</u>	<u>8,800</u>
Total Deductions	<u>7,200</u>	<u>8,800</u>
Net Increase (Decrease) in Net Assets	39	4,915
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	<u>226,593</u>	<u>221,678</u>
End of Year	<u>\$ 226,632</u>	<u>226,593</u>

The notes to the financial statements are an integral part of this statement.



The notes to the Financial Statements include a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

CITY OF FLAGSTAFF

Notes to Financial Statements

Year Ended June 30, 2002

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Flagstaff was incorporated as a town in 1894 and as a city in 1928. The current City Charter was approved April 10, 1984. The Charter provides for the Council-Manager form of government and the authority to provide municipal services, as limited by the State Constitution.

The accounting policies of the City of Flagstaff conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A Reporting Entity

The City of Flagstaff (the City) is a municipal corporation governed by an elected mayor and six-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The discretely presented component unit is reported in a separate column in the combined financial statement to emphasize it is legally separate from the government. The discretely presented component unit year-end is June 30.

Blended Component Unit. The Municipal Facilities Corporation (MFC) is a non-profit corporation created by the City for the purpose of constructing, acquiring and equipping municipal facilities. For financial reporting purposes, transactions of the MFC are included as if it were part of the City's operations. In fiscal year 2001 the MFC issued \$4.7 million in bonds for the construction of a new United States Geological Survey (USGS) facility on land owned by the City. The City will make lease payments equal to the debt service and will obtain legal title upon payment in full of the bonds.

Discretely Presented Component Unit. The Greater Flagstaff Economic Council (GFEC) is responsible for planning and encouraging economic growth within the City of Flagstaff's jurisdiction. GFEC has an eighteen member Board of Directors, of which the Mayor and Vice Mayor are Directors who can directly or indirectly appoint two additional Directors. The remaining members of the Board are voted on by GFEC members. The economic resources of the GFEC are used almost entirely for the benefit of the City's constituents. GFEC is presented as a governmental fund type. Complete financial statements for the Greater Flagstaff Economic Council may be obtained at the entity's office: 1300 South Milton #125, Flagstaff, AZ 86001.

Related Organizations. The City of Flagstaff's officials are also responsible for appointing members of the board of other organizations. However, as the City's control is limited to making the appointments and there is not a significant operational nor a significant financial relationship between these organizations and the City, they are not included as part of these financial statements.

B Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues and expenditures, or expenses, as appropriate. The City uses the following fund types and account groups:

Governmental Funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when susceptible to accrual, i.e., both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the fund liability is incurred, except for unmatured interest on general long term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Utility franchise taxes, transaction privilege taxes, property taxes, state revenue sharing, state and city sales tax, grant revenues earned, investment earnings and auto lieu taxes are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Special assessments are recognized as revenue only to the extent that individual installments are considered current assets. Annual installments not currently receivable are reflected as deferred revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

General Fund - The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The revenue sources are local property taxes levied specifically for debt service and collections from property owners on special assessment districts.

Capital Projects Funds - These funds account for the construction of major capital projects not being financed by proprietary or non-expendable trust funds.

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) Statements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Enterprise Funds - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. They are designed to accumulate the total cost of providing a particular service and to indicate the extent to which user charges imposed upon service consumers are sufficient to cover these costs.

Internal Service Fund - This fund accounts for activities and services performed for other organizational units within the City. Charges to other City divisions are made to support these activities. The only internal service fund of the City is its Self-Insurance Fund.

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Pension Trust - The Firemen's Pension Fund is a pension trust fund that is used to account for the activity of the City's single-employer retirement system. This fund is accounted for on the same basis as a proprietary fund, using the same measurement focus and basis of accounting.

Account Groups are used to establish accounting control and accountability for certain of the City's fixed assets and general long-term debt.

General Fixed Assets Account Group is used to account for all fixed assets of the City other than those accounted for in proprietary or trust funds.

General Long-Term Debt Account Group is used to account for all long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorized the government to invest in the State's Local Government Investment Pool, in obligations of the U.S. Treasury, commercial paper and repurchase agreements.

Investments are stated at fair value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivable/payables."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each year on or before the third Monday in August based on the previous January 1, full cash value as determined by the Coconino County Assessor. Levies are due and payable in two installments on September 1 and March 1. First half installments become delinquent on November 1; second half installments become delinquent on May 1. Interest at the rate of 12% per annum accrues following delinquent dates. Coconino County bills and collects all property taxes, at no charge to the taxing entities. A lien against property assessed attaches on the first day of January preceding assessment and levy thereon.

Under Arizona tax laws, there are two property tax levies, primary and secondary. Primary property taxes are not restricted as to use and are used to finance the general operations of the City. Secondary property taxes are restricted for general obligation bonded debt service. The secondary property tax levy is recorded as revenue in a debt service fund and transferred to the Water and Wastewater Enterprise Fund, the Highway Users Revenue Fund, the Airport Enterprise Fund and the Library General Obligation Bond Fund. General Obligation bonds are serviced by each of these funds. For fiscal year 2001-2002, primary and secondary property tax collections amounted to \$3,070,491 and \$4,197,776 respectively.

Property taxes are recognized on the modified accrual basis, i.e. when both measurable and available. Property taxes receivable at June 30, 2002 represents delinquent amounts.

3. Inventory

Inventory is valued at cost, which approximates market, using the weighted average cost method. Inventory consists of expendable supplies held for consumption and is charged to expenditure accounts as consumed.

4. Restricted Assets/Liabilities

In accordance with applicable covenants of Enterprise Fund Bond Issues, Mayor and Council Resolutions, or other agreements, appropriate assets and liabilities have been restricted.

5. Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at historical cost in the general fixed assets account group. Contributed fixed assets are recorded at fair value at date of acquisition. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized in the general fixed asset account group.

It is the City's policy not to capitalize public domain ("infrastructure") general fixed assets such as roads, bridges, streets and similar items in the general fixed assets account group.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group or capitalized in the proprietary funds.

Property, plant and equipment in the proprietary funds are stated at historical cost; or, if donated, at fair value at the date of donation. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40-50 years
Improvements	20-75 years
Machinery and equipment	5-10 years

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The City of Flagstaff amended the accounting estimate for the capitalization of all fixed assets from \$1,000 to \$5,000.

6. Compensated Absences

City employees are granted vacation and sick leave in varying amounts under the City's personnel ordinance. In the event of termination, an employee is reimbursed for accumulated vacation. In accordance with Governmental Accounting Standards Board Statement 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, the City has provided for the current portion of accrued vacation benefits in the governmental funds to be paid out of current resources. A long-term liability of \$1,067,011 is recorded in the General Long-Term Debt Account Group for the accrued vacation benefits to be funded by future operations. Proprietary Fund types accrue vacation benefits in the period they are earned.

Sick leave benefits provide for ordinary sick pay and are not vested with the employee and, therefore, are not accrued. Such accumulated sick leave benefits totaled \$5,838,938 at June 30, 2002.

7. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

8. Long-term Obligations

The City reports long-term debt of governmental funds at face value in the General Long-Term Debt Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-Term Debt Account Group. According to Arizona Revised Statute 48-557, if there is a deficiency in the funds collected from special assessments, the General Fund will furnish an amount sufficient to meet the obligation of the bonds payable and reimburse itself when funds are subsequently received. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

9. Fund Equity

Reservations of fund balance and retained earnings are limited to outside third-party restrictions and legal restrictions imposed by City ordinances. The proprietary fund's contributed capital represents equity acquired prior to July 1, 2000 through capital grants and capital contributions from developers, customers or other funds. Effective July 1, 2000, the City implemented changes required by GASB Statement 33, Nonexchange Transactions which requires contributed capital to be reported as non-operating revenue in the Statement of Revenue, Expenses, and Changes in Retained Earnings. The change in accounting principle for FY2001 reflects an increase of \$4,600,090 in the Water and Wastewater Fund net income and \$1,954,789 in the Airport Fund net income. The retained earnings balances (as previously reported) have been restated for the change in accounting principle. Proprietary fund's capital grants and contributed capital are treated as contribution revenue. Reservations of fund balance and retained earnings represent amounts that are not appropriable or are legally restricted.

10. Memorandum Only -- Total Columns

Total columns on the general purposed financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis and do not represent consolidated financial information. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

11. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's cash flows and operations.

12. Transactions Between or Among Funds

Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures or expenses in the funds involved. These transactions are considered quasi-external transactions. Transactions which constitute reimbursements to a fund for expenditures or expenses initially made from that fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Other transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. due to a change in policy to charge the residential and commercial collection programs for landfill fees.

13. Rebateable Arbitrage

Rebateable Arbitrage is treated as a reduction of revenue and recorded as a liability in the appropriate fund.

II STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual budgets for the enterprise funds are prepared on a basis which differs from GAAP because state law requires capital purchases and debt service payments to be budgeted as expenses, bond proceeds and grants that are to be utilized to be budgeted as revenues and amortization and depreciation are

not budgeted. All funds except the Internal Service Fund are budgeted. The Internal Service Fund requires no budget by state law and, therefore, no comparison of budget to actual is presented in the financial statements. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Two public hearings are held to obtain taxpayer comments.

Prior to or immediately following July 1, the budget is adopted through passage of a resolution.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. With the approval of the City Council, the City Manager may make transfers out of a contingency appropriation into a department's budget. The total departmental budgeted amounts are not changed without Council approval. Council approved certain transfers from the contingency budgeted amounts to various departments on July 2, 2002; however, these transfers were not material in relation to the original department appropriations.

Encumbrance accounting is employed by the City. Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control. Encumbrances outstanding at year-end for goods or services which were not received prior to the end of the fiscal year are canceled.

The following table compares actual to budget for expenditures/expenses at the department level for year ended June 30, 2002:

	<u>Actual</u>	<u>Budget</u>
Management Services	\$ 5,555,667	6,428,450
General Administration	4,936,762	5,447,276
Community Development	12,350,955	19,528,620
Fire	6,267,283	7,130,600
Non-Departmental	17,516,316	18,994,579
Police	9,789,736	9,826,978
Public Works	33,530,498	59,258,029
Utilities	<u>18,006,983</u>	<u>24,240,480</u>
Total	<u>\$ 107,954,200</u>	<u>150,855,012</u>

B Budgetary Basis of Accounting

The City's adopted budget for all governmental funds is prepared on a basis consistent with generally accepted accounting principles (GAAP).

C Excess of Expenditures over Appropriations

In the Capital Projects Fund, Bond Construction expenditures exceeded appropriations by \$955,910 due to the funding of integrated computer equipment at the Law Enforcement Administrative Facility (LEAF), final road improvements at the LEAF, and bond principal and interest payments for the USGS facility, which had not been budgeted. However, additional General Fund revenues and reimbursements from Coconino County funded these expenditures. This was not in excess of the legal level of control.

D Deficit Fund Equity

The Airport enterprise fund had a \$1,419,170 deficit in unreserved retained earnings at June 30, 2001. This deficit was eliminated in FY2002. The major factor in eliminating the deficit related to the implementation of GASB 33 and which requires contributed capital to be recorded as non-operating revenue.

III DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds except the Deferred Compensation Fund. Each fund type's portion of this pool is included on the combined balance sheet in "Cash and Cash Equivalents". The following summarizes the various deposits and investments of the City:

Deposits: At year-end, the book value of the City's deposits was \$4,670,538 and the bank balance was \$7,290,031. The \$2,619,493 difference represents deposits in transit, outstanding checks and other reconciling items at June 30, 2002. Of the bank balance, \$6,793,721 was covered by federal depository insurance or by collateral held by the City's agent in the City's name, and \$496,310 was covered by collateral held in the fiscal agent's trust department but not in the City's name. The trust department pledges a pool of collateral against all trust deposits it holds.

At year-end, the book value of deposits for GFEC, a discretely presented component unit, was \$306,560 which was covered by federal depository insurance or by collateral held by the entity's agent in GFEC's name.

Investments: City resolution and State Statutes authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements, money market accounts, certificates of deposit and the State of Arizona Local Government Investment Pool (LGIP). The LGIP is a part of the State Treasurer's office. The State Board of Deposit provides oversight for the State Treasurer's pools, and the LGIP Advisory Committee provides consultation and advice to the Treasurer. The fair value of the participant's position in the pool approximates the value of that participants' pool shares. Those shares are not identified with specific investments and are not subject to custodial credit risk. All other investments were insured or registered in the City's name, or were held by the City or its agent in the City's name. It is the City's policy generally to hold investments until maturity. The fair value of the investments is based on quoted market values. The City has no investments held by a counterparty's trust department or agent. The City is in compliance with the provisions of Statement No. 31 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which require certain investments to be reported at fair value rather than at cost.

The City's investments are categorized as follows to give an indication of the level of risk assumed at year-end:

- Category 1 Investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

Investments as of June 30, 2002:

	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government Securities	\$ 30,785,670	-	-	30,785,670	30,785,670
Local Government Securities	120,769	-	-	120,769	120,769
Municipal Securities	88,000	-	-	88,000	88,000
	<u>\$ 30,994,439</u>	<u>-</u>	<u>-</u>	<u>30,994,439</u>	<u>30,994,439</u>
Investments-Not Categorized:					
State of Arizona Investment Pool				49,625,306	49,625,306
AMFP Investment Pool				115,076	115,076
Total Investments				<u>\$ 80,734,821</u>	<u>80,734,821</u>

Cash and Investments:

Reconciliation of Exhibit A-1 to Note III.A

Exhibit A-1

	Amount
Cash and cash equivalents	\$ 76,214,867
Restricted Cash:	
Other restricted cash	9,190,492
Total	<u>\$ 85,405,359</u>
Deposits	\$ 4,670,538
Investments	80,734,821
Total	<u>\$ 85,405,359</u>

The Pension Trust Fund owns less than one percent of the investments.

B Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Fund Types				Proprietary Fund Types		Total
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	
Receivables:							
Sale of Property	\$ -	143,238	-	-	-	-	143,238
Intergovernmental	18,221	29,152	-	-	-	-	47,373
Accounts	2,712,141	901,220	-	961,128	3,323,949	55,571	7,954,009
Interest	132,742	133,107	-	-	198,559	42,837	507,245
Sales Tax	2,261,040	805,873	-	-	-	-	3,066,913
Bond Proceeds	-	-	-	788,587	-	-	788,587
Grants	352,093	885,700	-	-	4,054,075	-	5,291,868
Special Assessments	-	-	904,292	-	-	-	904,292
Interfund	1,440,000	2,830,000	-	-	-	94,897	4,364,897
Restricted:							
Interest	-	-	-	-	15,799	-	15,799
Accounts	-	733,384	-	-	-	-	733,384
Gross Receivable	6,916,237	6,461,674	904,292	1,749,715	7,592,382	193,305	23,817,605
Less: Allowance for Uncollectibles	(296,700)	-	-	-	(68,161)	-	(364,861)
Net Total Receivables	<u>\$ 6,619,537</u>	<u>6,461,674</u>	<u>904,292</u>	<u>1,749,715</u>	<u>7,524,221</u>	<u>193,305</u>	<u>23,452,744</u>

C Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2002 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Highway User Fund	Metropolitan Planning Org.	\$ 60,000
Highway User Fund	Airport Fund	2,725,000
Highway User Fund	Community Redevelopment Fund	45,000
Internal Service Fund	Airport Fund	94,897
General Fund	Public Safety Bond Fund	1,440,000
		<u>\$ 4,364,897</u>

D Fixed Assets

A summary of changes in general fixed assets follows:

	<u>June 30, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2002</u>
Land	\$ 5,618,012	1,723,309	36,000	-	7,305,321
Buildings	20,607,195	-	1,418	-	20,605,777
Improvements	10,053,354	206,712	-	-	10,260,066
Machinery & Equipment	22,859,145	704,071	2,833,439	-	20,729,777
Construction in Progress	<u>8,931,646</u>	<u>7,901,289</u>	<u>41,721</u>	<u>-</u>	<u>16,791,214</u>
	<u>\$ 68,069,352</u>	<u>10,535,381</u>	<u>2,912,578</u>	<u>-</u>	<u>75,692,155</u>

Transfers from the enterprise funds to General Fund are included with the additions. Completed Construction in Progress is included in the transfers.

Construction in Progress is comprised of the following:

	<u>Balance as of June 30, 2002</u>
Police Station	\$ 8,612,621
USGS 1997 Bond Building	4,541,973
Park Enhancements	965,171
Rio De Flag	<u>2,671,449</u>
	<u>\$ 16,791,214</u>

A summary of enterprise funds property, plant and equipment as of June 30, 2002 follows:

	<u>Water and Wastewater</u>	<u>Airport</u>	<u>Environmental Services</u>	<u>Total</u>
Land	\$ 394,567	113,365	1,849,428	2,357,360
Buildings	59,701,560	5,951,202	1,029,514	66,682,276
Improvements	162,136,397	31,037,715	988,365	194,162,477
Machinery & Equipment	5,441,937	1,744,271	6,756,196	13,942,404
Construction in Progress	6,017,274	4,796,105	1,169,366	11,982,745
Less accumulated depreciation	<u>(69,138,137)</u>	<u>(16,276,353)</u>	<u>(5,179,982)</u>	<u>(90,594,472)</u>
	<u>\$ 164,553,598</u>	<u>27,366,305</u>	<u>6,612,887</u>	<u>198,532,790</u>

The summary of changes in fixed assets for the component unit is as follows:

	<u>June 30, 2001</u>	Additions	Deletions	<u>June 30, 2002</u>
Improvements other than building	\$ 1,208	-	-	1,208
Machinery & Equipment	<u>63,901</u>	-	<u>11,870</u>	<u>52,031</u>
Total	65,109	<u>-</u>	<u>11,870</u>	53,239
Less Accumulative Depreciation	<u>(54,905)</u>			<u>(37,616)</u>
	<u>\$ 10,204</u>			<u>15,623</u>

E Leases

The City has a number of lease purchase agreements, all of which have been capitalized in the appropriate fund or account group.

<u>Item Purchased</u>	<u>Fund of Source of Funding</u>	<u>Account Group Where Capitalized</u>	<u>Capitalized Cost</u>
Construct T-hangars & shades	Airport Fund	Airport	\$ 285,218
		Less Accumulated Depreciation and Amortization	<u>(86,951)</u>
		Net total	<u>\$ 198,267</u>

Future minimum payments under capital leases are as follows:

<u>Fiscal Year</u>	<u>Airport Fixed Assets</u>
2003	\$ 34,639
2004	<u>34,640</u>
Minimum lease payments	69,279
Less: Interest	<u>(6,595)</u>
Present Value of Minimum payments	<u>\$ 62,684</u>

At June 30, 2002, the City was in compliance with the terms of all capital lease agreements. Current portion represents lease payments due on July 1, 2002.

The City has no non-cancelable operating leases.

F Long-term Obligations

Following is a summary of changes in the general long-term debt account group:

	General Obligation	Assesments with Governmental Commitment	Accrued Vacation Benefits	Street Construction Revenue	Other Debt	Total
Balance June 30, 2001	\$ 7,095,000	1,417,000	875,771	17,760,000	4,700,000	31,847,771
Additions	3,100,000	-	191,240	-	-	3,291,240
Reductions	<u>(1,260,000)</u>	<u>(229,000)</u>	<u>-</u>	<u>(1,490,000)</u>	<u>-</u>	<u>(2,979,000)</u>
Balance June 30, 2002	<u>\$ 8,935,000</u>	<u>1,188,000</u>	<u>1,067,011</u>	<u>16,270,000</u>	<u>4,700,000</u>	<u>32,160,011</u>

The above amounts have been reduced by deposits made to the City's fiscal agents for the July 1, 2002 maturities. The total general long-term debt of the City is \$32,160,011.

Special Assessment Bonds

Proceeds from special assessment bonds are used for improvements such as paving, sidewalks and sewers. Payments made by the assessed property owners are pledged as collateral. In the event of default by a property owner, the lien created by the assessment is sold at public auction and the proceeds are used to offset the defaulted assessment. If there is no purchase at the public auction, the City is required to buy the property with funds appropriated from the General Fund.

Loan Payable

In July, 1992 the City of Flagstaff entered into a loan agreement with the Wastewater Management Authority of Arizona for the purpose of constructing reclaimed water lines for the new reclaimed water plant. The \$6,000,000 loan is scheduled to be paid in annual installments over twenty years with an interest rate of 3.402%. The unpaid principal amount of the loan at June 30, 2002 is \$3,497,183.

In September 1999, the City of Flagstaff entered into a loan agreement with Arizona Department of Transportation Aeronautics Division for the purpose of constructing a 14 unit T-hangar and a 12-unit shade hangar. The \$600,000 loan is scheduled to be paid in quarterly installments over 17 years with an interest rate of 5.60%. The unpaid principal amount of the loan at June 30, 2002 is \$543,137.

Landfill Closure Liability

The Environmental Services Fund currently operates one landfill, the Cinderlake Landfill. Federal and state regulations require that environmental damage caused by landfills be mitigated and that action be taken to prevent future damage. Closure costs, which include the capping of the landfill with soil and installing such items as drainage and monitoring systems, and post-closure cost estimates are based on a study made by an

independent consultant and are subject to change due to inflation, technology changes and applicable legal or regulatory requirements.

Total closure and post-closure costs for the Cinderlake Landfill, which is still operating, are currently estimated to be \$13,973,187, all of which represents future expenses. \$11,522,930 has been recorded as a liability and restricted liability in the accompanying financial statements representing costs associated with the cumulative capacity used to date (82% of the total landfill capacity used as of June 30, 2002). The remaining \$2,450,257 will be accrued over the remaining life of the landfill, which is currently estimated to be 7 years. The accrual for these closure and post-closure costs for fiscal year 2002 was \$545,082. Based on current estimates for closure and post-closure landfill costs, the City is setting aside legally restricted funds to insure sufficient funds will be available to meet these requirements. The City makes annual contributions to finance closure and post-closure costs. At June 30, 2002 the balance of the investments held for those purposes is \$3,871,063. These investments are reported as restricted cash and investments in the City's Environmental Services Fund, and are held by the State of Arizona's Local Government Investment Pool.

According to state and federal laws and regulations, the City must comply with the local government financial test requirements that assure the City can meet the cost of landfill closure, post-closure and corrective action when needed. The City, which has pledged its full faith and credit to meet state financial responsibility requirements, is in compliance with these requirements.

In March of 1999, the City purchased 343.9 acres of land from the Forest Service. This land is adjacent to the existing landfill and will be used to open additional cells as needed. As these cells are utilized, additional liabilities for closure and post-closure requirements will be accrued.

The City applied existing policy to the Environmental Services Fund increasing its' expenditures as City residential and commercial collection programs are now charged for landfill fees.

Bonds Payable - Excluding Refunded Debt

The following is a summary of bond transactions of the City for the year ended June 30, 2002:

	General Obligation	Water and Wastewater General Obligation	Airport General Obligation	Special Assessments	Street Construction Revenue	Other Debt	Total
Bonds Payable							
June 30, 2001	\$8,180,000	26,137,570	2,220,000	1,417,000	19,180,000	4,700,000	61,834,570
New Liability	3,100,000	40,661	-	-	-	-	3,140,661
Bonds retired or refunded	(1,085,000)	(1,525,000)	(195,000)	(229,000)	(1,420,000)	-	(4,454,000)
Total bonds payable							
June 30, 2002	10,195,000	24,653,231	2,025,000	1,188,000	17,760,000	4,700,000	60,521,231
Debt to be retired							
July 1, 2002	1,260,000	1,498,505	130,000	-	1,490,000	-	4,378,505
Long-term bonds payable							
June 30, 2002	<u>\$8,935,000</u>	<u>23,154,726</u>	<u>1,895,000</u>	<u>1,188,000</u>	<u>16,270,000</u>	<u>4,700,000</u>	<u>56,142,726</u>

The Water and Wastewater General Obligation Bonds are backed by the ultimate taxing power and general revenues of the City; however, these bonds are carried as a liability of the Water and Wastewater Fund to reflect the intention of the City to retire those bonds from resources in the Water and Wastewater Fund.

Bonds payable at June 30, 2002, are comprised of the following individual issues:

General Obligation Bonds:

General Purpose:

\$5,500,000 Public Safety Bonds, Series 1997 due in annual installments of \$1,000,000 to \$1,380,000, July 1, 2002 through July 1, 2005; interest at 4.7% to 6.5% \$ 4,665,000

\$4,000,000 Parks and Recreation Bonds, Series 1997 due in annual installments of \$210,000 to \$530,000 through July 1, 2008; interest rate at 4.6% to 6.5%. 2,430,000

\$3,100,000 Parks and Recreation, Series 2001 due in annual installments of \$385,000 to \$505,000 through July 1, 2014; interest rate at \$4.375% to 4.75%. 3,100,000
\$10,195,000

Water and Wastewater:

\$924,240 Wastewater Improvement Project of 1991 Capital Appreciation Bonds due in three installments: \$595,827 due July 1, 1997, plus interest at 5.8%; \$124,349 due July 1, 2002, plus interest at 6.3%; \$204,064 due July 1, 2007, plus interest at 6.75%. Shown at combined accreted value. \$ 648,231

\$6,000,000 Water Improvement Project Bonds Series 1993, due in annual installments of \$160,000 to \$440,000 through July 1, 2013; interest at 4.75% to 6.75%. Fiscal years 2006-2009 were refunded in April, 2001. 2,160,000

\$8,000,000 Water Improvement Project Bonds Series 1997, due in annual installments of \$185,000 to \$1,680,000, July 1, 2002 and July 1, 2007 through July 1, 2013; interest at 4.5% to 6.5%. 8,000,000

\$13,845,000 Water and Wastewater Refunding Bonds Series 2001, due in annual installments of \$885,000 to \$2,350,000 July 1, 2002 through July 1, 2009; interest at 3% to 5%. 13,845,000
\$24,653,231

Airport:

\$2,025,000 Airport Refunding Bonds Series 2001 due in annual installments of \$130,000 to \$350,000 July 1, 2002 through July 1, 2009; interest at 3% to 5%. \$ 2,025,000

Special Assessment Bonds:

\$1,525,000 1994 Improvement District series bonds due in annual installments of \$55,000 to \$200,000, January 1, 1996 through January 1, 2005; interest at 5.7%. \$ 570,000

\$720,000 1999 Improvement District series bonds due in annual installments of \$43,000 to \$94,000, January 1, 2001 through January 1, 2010; interest at 4.9%. 618,000
\$ 1,188,000

Revenue Bonds:

Street Construction:

\$5,580,000 Junior Lien Street and Highway User Revenue Bonds, Series 1992 serial bonds due in installments of \$350,000 to \$1,725,000 July 1, 2008 through July 1, 2012; interest at 6.12%. \$ 5,580,000

\$16,845,000 Street and Highway Revenue Refunding Bonds Series 1993 serial bonds due in installments of \$95,000 to \$1,880,000 through July 1, 2009; interest at 3.4% to 4.75%. 12,180,000
\$17,760,000

Other Debt:

\$4,700,000 USGS Project Bonds Series 12 (2001) due in annual installments of \$255,000 to \$440,000 August 1, 2003 through August 1, 2016; interest at 4% to 4.75%. See note below. \$ 4,700,000

Other Debt

The City has collateralized the contract payable to the MFC by a pledge of the City's State Shared Revenues which comprise sales and income taxes imposed and collected by the State and distributed to counties and municipal governments pursuant to law and State revenue-sharing which the City presently or in the future receives from the State and which are not earmarked by the State for a contrary or inconsistent purpose.

Statutory Debt Limitation:

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks and open space purposes may not exceed 20 percent of a City's net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a City's net assessed valuation.

The following is a summary of legal borrowing capacity:

Legal Borrowing Capacity

Water, Sewer, Light, Parks and Open Space Purpose Bonds		All other General Obligation Bonds	
20 percent constitutional limit	\$ 85,806,080	6 percent constitutional limit	\$ 25,741,824
Net such general obligation bonds outstanding	<u>28,424,726</u>	Net such general obligation bonds outstanding	<u>5,560,000</u>
Available 20 percent limitation borrowing capacity	<u>\$ 57,381,354</u>	Available 6 percent limitation borrowing capacity	<u>\$ 20,181,824</u>

On June 30, 2002, the City had authorized but unissued bonds approved by the voters totaling \$6,775,760 for Water and Wastewater. The City anticipates finalizing the issuance for this total amount through the Wastewater Infrastructure Finance Authority of Arizona (WIFA) by January 2003. The expenditures related to this bond transaction were completed in the fiscal year ending June 30, 2002.

There are also a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all limitations and restrictions. The City has no sinking fund requirements.

Debt Service Requirements to Maturity

The following is a summary of debt service cash requirements to maturity for all bonds and loans payable as of June 30, 2002.

Fiscal Year Ending June 30	General Obligation	Water and Wastewater General Obligation	Airport General Obligation	Special Assessments	Other Debt	Street Construction Revenue	ADEQ Loan Payable	ADOT Loan Payable	Total
2003	\$ 1,891,831	2,924,223	299,581	300,074	462,399	2,401,423	418,432	54,949	8,752,912
2004	2,017,581	3,071,985	297,432	301,270	462,199	2,402,562	418,432	54,949	9,026,410
2005	1,780,761	3,058,152	299,781	297,750	461,599	2,398,988	418,432	54,949	8,770,412
2006	664,791	2,837,867	361,556	93,497	460,599	2,420,558	418,432	54,949	7,312,249
2007	707,471	3,693,846	285,500	90,799	459,199	2,410,723	418,432	54,949	8,120,919
2008-2017	<u>3,915,703</u>	<u>14,232,775</u>	<u>720,750</u>	<u>283,991</u>	<u>4,146,619</u>	<u>9,046,609</u>	<u>2,092,156</u>	<u>522,017</u>	<u>34,960,620</u>
	10,978,138	29,818,848	2,264,600	1,367,381	6,452,614	21,080,863	4,184,316	796,762	76,943,522
Less amounts representing interest	<u>2,043,138</u>	<u>6,664,122</u>	<u>369,600</u>	<u>179,381</u>	<u>1,752,614</u>	<u>4,810,863</u>	<u>687,133</u>	<u>253,625</u>	<u>16,760,476</u>
Net amount outstanding	<u>\$ 8,935,000</u>	<u>23,154,726</u>	<u>1,895,000</u>	<u>1,188,000</u>	<u>4,700,000</u>	<u>16,270,000</u>	<u>3,497,183</u>	<u>543,137</u>	<u>60,183,046</u>

Advance Refundings

The City of Flagstaff issued \$15,870,000 of general obligation refunding bonds in April, 2001 to provide resources to purchase U.S. Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$15,870,000 of general obligation

bonds. As a result, the refunded bonds are considered to be defeased. The advance refunding was undertaken to reduce total debt service payments over the next eight years by \$150,991 and resulted in an economic gain of \$127,779.

As of June 30, 2002, the amount of defeased debt outstanding but removed from the General Long-Term Debt Account Group was as follows:

Water and Wastewater General Obligation Bonds, Series 1993, dated July 1, 1993. Issues maturing between July 1, 2006 and July 1, 2009 were refunded. \$ 2,660,000

G Contributed Capital

Contributed capital is recorded in enterprise funds that have received capital grants or contributions from developers, customers, or other funds.

During the year contributed capital changed by the following amounts:

	Water and Wastewater Fund	Airport Fund	Environmental Services Fund	Total
Contributed Capital July 1, 2001	\$ 70,235,264	20,568,894	1,065,387	91,869,545
Less: Amortization	<u>(691,892)</u>	<u>(783,182)</u>	-	<u>(1,475,074)</u>
Contributed Capital - June 30, 2002	<u>\$ 69,543,372</u>	<u>19,785,712</u>	<u>1,065,387</u>	<u>90,394,471</u>

H Arbitrage Liability

The City has no arbitrage liability as of June 30, 2002.

IV OTHER INFORMATION

A Risk Management

The City is exposed to various risks of loss related to torts and public officials' errors and omissions. The City purchases commercial insurance to cover these losses. However, \$25,000 of each claim resulting in a loss is retained by the City. The City provides for the self-insurance retention in the internal service fund. Outstanding claims as of June 30, 2002 have potential exposure to the City of approximately \$224,630 based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City uses an application of historical experience to determine claims payable. However, due to the preliminary status of the claims, no determination can be made as to the likelihood, if any, of an unfavorable outcome. The retained earnings of the Internal Service Fund are designated for future losses related to the self-insurance retention. Settled claims have not exceeded commercial coverage in the last three fiscal years.

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
1999-00	\$ 113,000	161,683	169,683	105,000
2000-01	105,000	475,407	391,407	189,000
2001-02	189,000	198,808	163,178	224,630

The City of Flagstaff participates in a risk sharing pool for employee health care, through Northern Arizona Public Employees Trust, a public entity risk pool. Members do not bear any risk of loss. The overall experience rating of the trust determines premium charges.

B Contingent Liabilities

The City is aware of existing environmental contamination at various sites and facilities. The City has annually budgeted monies for these purposes and includes remediation activities in its annual work program. The City has a compliance agreement for Americans with Disability Act with the Department of Justice (DOJ) and until all items are completed to the satisfaction of the DOJ, there remains a minimal amount of liability.

C Segment Information -- Enterprise Funds

The City maintains three enterprise funds, which provide water and wastewater distribution and collection, an airport facility and an environmental services operation. Selected segment information for the year ended June 30, 2002 is as follows:

	<u>Water and Wastewater</u>	<u>Airport</u>	<u>Environmental Services</u>	<u>Total</u>
Operating Revenues	\$ 16,893,267	843,170	6,667,016	24,403,453
Depreciation	4,855,306	1,247,527	697,731	6,800,564
Operating Income (Loss)	2,450,218	(1,565,964)	17,727	901,981
Operating Transfers In (Out)	-	948,985	(335,445)	613,540
Net Income (Loss)	7,037,187	6,118,086	31,941	13,187,214
Fixed Asset Additions	6,727,526	7,183,447	440,371	14,351,344
Fixed Asset Deletions	(903,682)	(57,112)	(412,833)	(1,373,627)
Net Working Capital	21,268,158	2,853,039	5,676,718	29,797,915
Total Assets	192,364,501	32,017,350	16,385,198	240,767,049
Bonds Payable	24,942,835	2,025,000	-	26,967,835
Total Equity	161,075,649	25,267,810	4,653,537	190,996,996

D Interfund Transfers

The following is a summary of the interfund transfers for the fiscal year:

Operating Transfers Out From:		Operating Transfers In To:	
General Fund	\$ 5,977,900	Library Fund	\$ 1,003,752
		Highway User Revenue Fund	2,391,679
		Arts and Science Fund	95,000
		Real Estate Proceeds Funds	150,000
		Community Redevelopment Fund	416,500
		General Capital Projects Fund	1,040,000
		Airport Fund	816,714
		Environmental Services Fund	64,255
Highway User Revenue Fund	1,015,108	General Fund	994,108
		General Capital Projects Fund	21,000
Beautification Fund	738,717	General Fund	131,640
		Environmental Services Fund	29,978
		Highway User Revenue Fund	577,099
Tourism Fund	6,238	General Fund	6,238
Recreation Fund	884,823	General Fund	608,568
		General Obligation Bond Fund	166,255
		Beautification Fund	110,000
Transportation Fund	574,785	Highway User Revenue Fund	574,785
Secondary Property Tax Fund	4,088,739	General Obligation Bond Fund	1,564,789
		Water and Wastewater Fund	2,391,679
		Airport Fund	132,271
General Capital Projects Fund	321,334	General Fund	321,334
Water and Wastewater Fund	2,391,679	General Fund	2,391,679
Environmental Services Fund	429,678	General Fund	429,678
	<u>\$ 16,429,001</u>		<u>\$ 16,429,001</u>

E Retained Earnings

All reservations of enterprise fund retained earnings are legal reserves required under bond indenture and are referred to, in title, as specified in the indentures.

F Committed Construction

At June 30, 2002 there were major uncompleted construction contracts in the Highway Users Revenue Fund, Parks and Recreation Fund, Capital Projects Fund, Environmental Services Fund, Airport Fund and the Utilities Fund. The amounts were \$4,913,795 for General Street Improvements, \$136,915 for Environmental Services, \$548,734 for USGS Building #6, \$4,652,959 for the Airport \$3,760,832 for Utilities and \$2,100,294 for Parks and Recreation.

G Deferred Compensation Plan

The City offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. In prior years the Internal Revenue Code specified that the plan's assets were the property of the City until paid or made available to participants, subject only on an equal basis to the claims of the City's general creditors. Therefore, the plan's assets were recorded in an Agency Fund. A 1996 federal law now requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the City's plan are administered by a private corporation under contract with the City. The plan was originally set up in compliance with the new federal law. Consequently, the plan's assets and liabilities have been excluded from the City's general purpose financial statements.

H Retirement and Pension Plans

Plan Descriptions - The City contributes to the four plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, and Article 2.

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 162 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Elected Officials Retirement Plan* (EORP) is a cost-sharing multiple-employer defined benefit pension plan that covers elected officials and judges of certain state and local governments. The EORP is governed by The Fund Manager of PSPRS according to the provisions of A.S.R. Title 38, Chapter 5, and Article 3. Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS

3300 N. Central Ave.
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2200/(800) 621-3778

PSPRS and EORP

1020 E. Missouri Ave.
Phoenix, AZ 85014
(602) 255-5575

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates.

Cost Sharing Plans - For the year ended June 30, 2002, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 2.49% (2.00% retirement and 0.49% long-term disability) of the members' annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2002, 2001, and 2000 were \$488,126, \$450,703 and \$443,402, respectively, which were equal to the required contributions for the year.

In addition, active EORP members were required by statute to contribute 7.00% of the members' annual covered payroll. The City was required to contribute 6.97% of the members' annual covered payroll, as determined by actuarial valuation. The City's contributions to EORP for the years ended June 30, 2002, 2001, and 2000 were \$3,928, \$2,641 and \$2,641 respectively, which were equal to the required contributions for the year. In addition, a payment of \$4,220 was made in each year as an installment due for its unfunded accrued liability.

Agent Plan - For the year ended June 30, 2002, active PSPRS members were required by statute to contribute 7.65% of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 5.62% and 2.00 % for Police and Fire respectively.

Annual Pension Cost - The City's pension cost for the agent plan for the year ended June 30, 2002, the date of the most recent actuarial valuation, and related information follow.

<u>Contribution rates:</u>	<u>PSPRS</u>
City – Police	5.62%
City – Fire	2.00%
Plan members	7.65%
Annual pension cost	\$ 378,053
Contributions made	\$ 378,053
Actuarial valuation date	6/30/02
Actuarial cost method	Individual entry age
Actuarial assumptions:	
Investment rate of return	9.0%
Projected salary increases	6.5% - 9.5%
Includes inflation at	5.5%
Amortization method	Level percentage open
Remaining amortization period from 7-1-00	20 years
Asset valuation method	Smoothed market value

Trend Information - Information for the agent plan as of most recent actuarial valuations follows.

Contributions Required and Contributions Made

<u>Plan</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS 2002			
Police	\$ 252,029	100%	\$ -0-
Fire	\$ 126,024	100%	-0-
PSPRS 2001			
Police	312,287	100%	-0-
Fire	122,642	100%	-0-
PSPRS 2000			
Police	166,815	100%	-0-
Fire	99,106	100%	-0-

Funding Progress - An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations, June 30, 2002 follows.

Valuation Date June 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Percent Funded (1) / (2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4) / (5)
PSPRS 2002						
Police	\$ 23,377,239	\$ 22,375,146	104.5%	\$ (1,002,093)	\$ 4,415,016	-%
Fire	33,288,928	27,957,056	119.1%	(5,331,872)	3,944,841	-%
PSPRS 2001						
Police	23,526,642	19,303,399	121.9%	(4,223,243)	4,330,952	-%
Fire	33,219,516	24,683,085	134.6%	(8,536,431)	4,545,100	-%
PSPRS 2000						
Police	21,580,340	18,497,514	116.7%	(3,082,826)	3,983,197	-%
Fire	30,387,399	21,940,616	138.5%	(8,446,738)	3,982,782	-%

VOLUNTEER FIREMEN'S RELIEF AND PENSION FUND

The Volunteer Firemen's Relief and Pension Fund ("Fund") is a single-employer defined benefit pension trust fund administered by the City. A fireman having served as a member of the City's Fire Department prior to 1978, and who is not a paid member of a fire department or a member of the Public Safety Retirement System, is eligible to receive benefits.

The fund does not issue a stand-alone report or is included in any other report than the City's.

A fireman who has served for 25 years or more, or who has reached sixty years of age, and served twenty years or more, shall be paid a monthly pension not to exceed \$250 per month based on the benefits available to members of the fire department as determined by the board of trustees. Such pension may be increased or decreased in amount, or discontinued at the discretion of the Fund's board of trustees. The Fund's funding provisions and all other requirements are established by state statute.

At June 30, 2002, the number of firemen covered by the Fund was classified as follows:

Retirees and beneficiaries currently receiving benefits	3
Active employees:	
Non-vested	<u>3</u>
Total covered firemen	<u><u>6</u></u>

Funding Status and Progress:

Per state statute there is no requirement that an actuarial valuation be performed to determine that the Volunteer Firemen's Relief and Pension Fund is fully funded. If the funds provided in the Fund are insufficient to pay fully the pensions authorized pursuant to the statute, the fund shall be prorated among those entitled thereto.

Contributions:

State statute requires a 5% contribution of annual compensation each from the City and the employee. Because no compensation was paid by the City to volunteer firemen, no contribution was made during the current fiscal year. No member or City contributions have been made to this fund since fiscal year ended June 30, 1979.

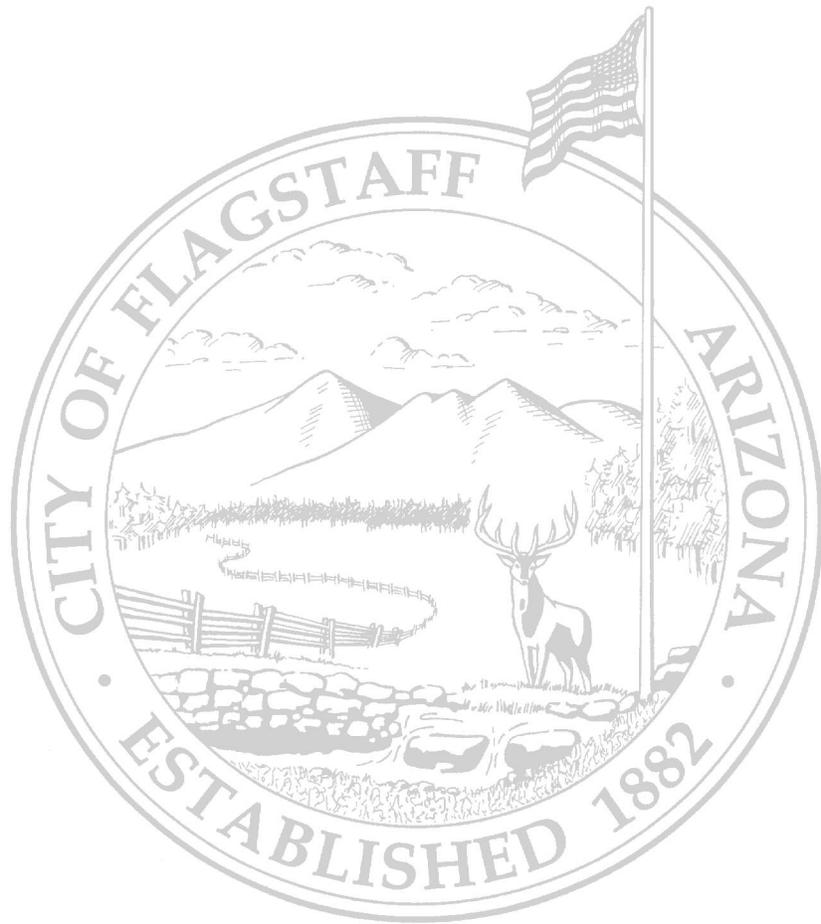
Trend Information:

Trend information for ten years is presented below:

Fiscal Year June 30	Net Assets Available for Benefits	Revenues				Expenses
		Employee Contributions	Employer Contributions	Investment Income	Other Income	Benefit Payments
1993	\$ 199,578	-	-	6,020	219	4,800
1994	202,469	-	-	7,533	158	4,800
1995	209,232	-	-	11,396	166	4,800
1996	211,198	-	-	11,390	177	9,601
1997	213,721	-	-	11,922	201	9,600
1998	216,843	-	-	12,332	390	9,600
1999	218,401	-	-	11,068	89	9,600
2000	221,678	-	-	12,877	-	9,600
2001	226,593	-	-	13,620	96	8,800
2002	226,632	-	-	7,125	114	7,200

I Implementation of GASB Statement No. 34

Beginning with fiscal year 2003, the City will prepare its external financial reports following the requirements of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Implementing this standard will significantly change the accounting principles and reporting format the City uses in future financial reports.



The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government that are not accounted for in other funds. In Flagstaff, these services include general government, parks and recreation, public safety, public works, cemetery, community development, health, criminal justice, and any other activity for which a special fund has not been created.

GENERAL FUND

GENERAL FUND

City of Flagstaff
General Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 17,175,433	19,718,351
Cash with Fiscal Agent		
Intergovernmental Receivable	18,221	18,289
Accounts Receivable (Net)	2,415,441	1,473,171
Interest Receivable	132,742	180,689
Sales Tax Receivable	2,261,040	2,021,037
Grants Receivable	352,093	274,709
Interfund Receivable	1,440,000	--
Restricted Assets:		
Cash and Cash Equivalents	62,870	92,243
Inventory	174,932	212,379
Contractor Performance Bonds	360,245	583,597
Total Assets	<u><u>\$ 24,393,017</u></u>	<u><u>24,574,465</u></u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 2,518,619	1,996,415
Accrued Wages and Payroll Taxes	948,515	792,882
Interest Payable	101,192	--
Payable From Restricted Assets:		
Grant Revenue in Advance	62,870	92,243
Guaranty and Other Deposits	1,656,150	1,664,731
Deferred Revenue	611,740	607,241
Total Liabilities	<u>5,899,086</u>	<u>5,153,512</u>
Fund Balances:		
Reserved for Inventory	174,932	212,379
Unreserved	18,318,999	19,208,574
Total Fund Balances	<u>18,493,931</u>	<u>19,420,953</u>
Total Liabilities and Fund Balances	<u><u>\$ 24,393,017</u></u>	<u><u>24,574,465</u></u>

City of Flagstaff
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 15,572,864	16,644,117	1,071,253	15,353,792
Licenses and Permits	1,491,003	2,014,357	523,354	1,318,450
Intergovernmental	12,099,322	12,280,265	180,943	14,151,140
Charges for Services	1,547,822	1,676,615	128,793	1,025,625
Fines and Forfeitures	1,047,238	991,131	(56,107)	993,585
Miscellaneous:				
Interest	650,000	627,724	(22,276)	1,185,889
Sale of Fixed Assets	1,022,368	51,053	(971,315)	26,926
Miscellaneous	504,553	555,135	50,582	382,794
Total Revenues	33,935,170	34,840,397	905,227	34,438,201
Expenditures:				
Current:				
General Government:				
Manager	412,174	360,056	52,118	217,263
Capital Improvement	82,117	88,842	(6,725)	--
Attorney	587,924	565,791	22,133	440,649
Information Systems	601,091	593,296	7,795	541,697
Administrative Services	432,654	366,607	66,047	362,029
Finance and Budget	344,862	338,999	5,863	262,290
Human Resources	331,544	319,855	11,689	299,800
Sales Tax	424,211	408,272	15,939	371,127
City Clerk	231,241	203,639	27,602	130,903
Council and Commission	88,469	76,816	11,653	71,417
Non Departmental	8,471,445	2,512,370	5,959,075	1,836,707
Total General Government	12,007,732	5,834,543	6,173,189	4,533,882
Contingencies	700,000	186,944	513,056	200,663
Parks and Recreation:				
Parks	2,425,741	1,794,645	631,096	1,980,309
Recreation	2,553,386	2,058,449	494,937	2,174,237
Total Parks and Recreation	4,979,127	3,853,094	1,126,033	4,154,546
Public Safety:				
Fire	7,130,600	6,267,283	863,317	6,264,280
Police	9,826,978	9,789,736	37,242	9,215,767
Total Public Safety	16,957,578	16,057,019	900,559	15,480,047

(Continued)

City of Flagstaff
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual - Continued
For the Fiscal Year Ended June 30,2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Public Works:				
Shop	\$ 153,169	76,137	77,032	89,516
Facilities Maintenance	966,978	515,662	451,316	612,265
Administration	117,428	116,530	898	86,858
USGS Facilities	247,159	241,913	5,246	277,535
Total Public Works	<u>1,484,734</u>	<u>950,242</u>	<u>534,492</u>	<u>1,066,174</u>
Cemetery	<u>181,207</u>	<u>162,844</u>	<u>18,363</u>	<u>163,550</u>
Community Development:				
Planning	658,045	602,415	55,630	413,646
Drainage	5,448,259	2,895,470	2,552,789	1,663,233
Building Inspection	755,489	737,175	18,314	713,434
Engineering	1,093,816	956,668	137,148	751,729
Administration	183,913	167,367	16,546	125,900
Total Community Development	<u>8,139,522</u>	<u>5,359,095</u>	<u>2,780,427</u>	<u>3,667,942</u>
Contributions to Other Agencies	<u>1,052,385</u>	<u>933,583</u>	<u>118,802</u>	<u>1,040,414</u>
Criminal Justice	<u>1,367,933</u>	<u>1,335,400</u>	<u>32,533</u>	<u>1,145,454</u>
Total Expenditures	<u>46,870,218</u>	<u>34,672,764</u>	<u>12,197,454</u>	<u>31,452,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,935,048)</u>	<u>167,633</u>	<u>13,102,681</u>	<u>2,985,529</u>

(Continued)

Exhibit B-2
(Continued)

City of Flagstaff
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Other Financing Sources (Uses):				
Operating Transfer - In	\$ 5,294,421	4,883,245	(411,176)	4,660,073
Copy Center Reserve	140,000	--	(140,000)	--
Operating Transfer - Out	<u>(6,315,788)</u>	<u>(5,977,900)</u>	<u>337,888</u>	<u>(5,778,415)</u>
Total Other Financing Sources (Uses)	<u>(881,367)</u>	<u>(1,094,655)</u>	<u>(213,288)</u>	<u>(1,118,342)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(13,816,415)	(927,022)	12,889,393	1,867,187
Fund Balances at Beginning of Year	<u>16,946,498</u>	<u>19,420,953</u>	<u>2,474,455</u>	<u>17,553,766</u>
Fund Balances at End of Year	<u><u>\$ 3,130,083</u></u>	<u><u>18,493,931</u></u>	<u><u>15,363,848</u></u>	<u><u>19,420,953</u></u>

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision or ordinance to finance particular functions or activities.

Highway User Revenue Fund

This fund receives and expends the City's allocation of the Highway User Revenue money. The amount available to each City is allocated on a population basis that is determined by the latest Federal census. Money allocated to this Fund must be used for street construction, reconstruction and maintenance.

Library Fund

The City Library is financed through City sales tax allocations, State and County grants and individual contributions. Funds provided must be used for library activities such as cultural and educational programs and technical services.

Real Estate Proceeds Fund

This fund was established by the City Council by resolution in fiscal year 1985-86 to account for the proceeds received from the sale of excess real estate.

Beautification, Economic Development, Tourism, Arts & Science, Recreation

These five funds were established to account for the Bed, Board and Booze Tax revenue approved by the voters March 3, 1988, and extended March 1996. When this tax was extended, it was designated that it would be distributed on a percentage basis as follows: 20% Beautification; 9.5% Economic Development; 30% Tourism; 7.5% for Arts & Science and 33% for Recreation.

Community Redevelopment

This fund was established in fiscal year 1997 to account for the funding received for the Community Development Block Grant program and affordable housing activities.

Metropolitan Planning Organization

This fund was established in fiscal year 1997 to account for funding derived from the City's status as a Metropolitan Planning Organization.

Transportation

This fund was established as a result of voter authorization on May 16, 2000 to increase sales taxes to support four transportation issues and is valid for twenty years. The four issues include the 4th Street Overpass, Safe to School/Pedestrian and Bike projects, Traffic Flow and Safety Improvements, and Transit Service Enhancements.

SPECIAL REVENUE FUNDS



City of Flagstaff
 Special Revenue Funds
 Combining Balance Sheet
 June 30, 2002
 (With Comparative Totals for June 30, 2001)

	Highway User Revenue Fund	Library Fund	Real Estate Proceeds Fund	Beautification Fund	Economic Development Fund	Tourism Fund
Assets						
Cash and Cash Equivalents	\$ 7,940,972	1,001,807	1,100,663	1,332,190	197,337	933,607
Cash with Fiscal Agent	--	--	--	--	--	--
Receivable from Sale of Property	--	--	143,238	--	--	--
Intergovernmental Receivable	29,152	--	--	--	--	--
Accounts Receivable (Net)	744,781	78,851	863	--	75,440	72
Interest Receivable	102,821	--	--	--	--	--
Sales Tax Receivable	--	--	--	--	--	--
Grants Receivable	219,183	--	--	--	--	3,246
Interfund Receivable	2,830,000	--	--	--	--	--
Restricted Assets:						
Cash and Cash Equivalents	--	75,800	--	12,780	--	--
Accounts Receivable (Net)	--	733,384	--	--	--	--
Total Assets	\$ 11,866,909	1,889,842	1,244,764	1,344,970	272,777	936,925
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ 1,958,283	23,412	2,439	9,036	84,434	130,953
Accrued Wages and Payroll Taxes	53,004	44,396	--	2,514	--	6,815
Current Bonds Payable	1,490,000	--	--	--	--	--
Interest Payable	450,246	--	--	--	--	--
Payable From Restricted Assets:						
Deferred Revenue	--	777,077	--	--	--	--
Grant Revenue in Advance	--	32,107	--	12,780	--	--
Interfund Payable	--	--	--	--	--	--
Deferred Revenue	--	--	143,238	--	--	--
Arbitrage Liability	--	--	--	--	--	--
Total Liabilities	3,951,533	876,992	145,677	24,330	84,434	137,768
Fund Balances:						
Unreserved	7,915,376	1,012,850	1,099,087	1,320,640	188,343	799,157
Total Liabilities and Fund Balances	\$ 11,866,909	1,889,842	1,244,764	1,344,970	272,777	936,925

Arts and Science Fund	Recreation Fund	Community Redevelopment Fund	Metropolitan Planning Organization Fund	Transportation Fund	Total	
					2002	2001
162,235	6,144,442	1,132	455	7,107,159	25,921,999	22,452,534
--	--	--	--	--	--	1,900,066
--	--	--	--	--	143,238	143,238
--	--	--	--	--	29,152	--
--	--	1,213	--	--	901,220	1,203,355
--	12,270	--	--	18,016	133,107	140,384
--	--	--	--	805,873	805,873	669,155
--	--	586,368	76,903	--	885,700	342,387
--	--	--	--	--	2,830,000	910,000
--	--	--	--	--	88,580	218,473
--	--	--	--	--	733,384	209,273
<u>162,235</u>	<u>6,156,712</u>	<u>588,713</u>	<u>77,358</u>	<u>7,931,048</u>	<u>32,472,253</u>	<u>28,188,865</u>
--	323,390	82,112	15,053	247,130	2,876,242	1,182,994
--	--	--	2,305	--	109,034	89,411
--	--	--	--	--	1,490,000	1,420,000
--	--	--	--	--	450,246	480,066
--	--	--	--	--	777,077	319,456
--	--	--	--	--	44,887	108,290
--	--	45,000	60,000	--	105,000	60,000
--	--	--	--	--	143,238	143,238
--	--	--	--	--	--	67,945
--	<u>323,390</u>	<u>127,112</u>	<u>77,358</u>	<u>247,130</u>	<u>5,995,724</u>	<u>3,871,400</u>
<u>162,235</u>	<u>5,833,322</u>	<u>461,601</u>	<u>--</u>	<u>7,683,918</u>	<u>26,476,529</u>	<u>24,317,465</u>
<u>162,235</u>	<u>6,156,712</u>	<u>588,713</u>	<u>77,358</u>	<u>7,931,048</u>	<u>32,472,253</u>	<u>28,188,865</u>

City of Flagstaff
 Special Revenue Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Highway User Revenue Fund	Library Fund	Real Estate Proceeds Fund	Beautification Fund	Economic Development Fund	Tourism Fund
Revenues:						
Taxes	\$ --	--	--	763,406	362,618	1,145,108
Intergovernmental	8,784,630	1,479,720	--	4,370	--	3,246
Miscellaneous	483,709	76,316	705,378	12,409	5,002	101,426
Total Revenues	<u>9,268,339</u>	<u>1,556,036</u>	<u>705,378</u>	<u>780,185</u>	<u>367,620</u>	<u>1,249,780</u>
Expenditures:						
Current:						
Highway and Streets	12,630,086	--	--	--	--	--
Library	--	2,575,113	--	--	--	--
Real Estate Proceeds	--	--	408,584	--	--	--
Beautification	--	--	--	475,284	--	--
Economic Development	--	--	--	--	315,168	--
Tourism	--	--	--	--	--	1,292,951
Arts and Science	--	--	--	--	--	--
Recreation	--	--	--	--	--	--
Community Redevelopment	--	--	--	--	--	--
Debt Service:						
Principal Retirement	1,490,000	--	--	--	--	--
Interest and Fiscal Charges	901,679	--	--	--	--	--
Total Expenditures	<u>15,021,765</u>	<u>2,575,113</u>	<u>408,584</u>	<u>475,284</u>	<u>315,168</u>	<u>1,292,951</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,753,426)</u>	<u>(1,019,077)</u>	<u>296,794</u>	<u>304,901</u>	<u>52,452</u>	<u>(43,171)</u>
Other Financing Sources (Uses):						
Operating Transfers - In	3,543,563	1,003,752	150,000	110,000	--	--
Bond Proceeds	--	--	--	--	--	--
Operating Transfers - Out	(1,015,108)	--	--	(738,717)	--	(6,238)
Total Other Financing Sources (Uses)	<u>2,528,455</u>	<u>1,003,752</u>	<u>150,000</u>	<u>(628,717)</u>	<u>--</u>	<u>(6,238)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,224,971)</u>	<u>(15,325)</u>	<u>446,794</u>	<u>(323,816)</u>	<u>52,452</u>	<u>(49,409)</u>
Fund Balances Beginning of Year	<u>11,140,347</u>	<u>1,028,175</u>	<u>652,293</u>	<u>1,644,456</u>	<u>135,891</u>	<u>848,566</u>
Fund Balances End of Year	<u>\$ 7,915,376</u>	<u>1,012,850</u>	<u>1,099,087</u>	<u>1,320,640</u>	<u>188,343</u>	<u>799,157</u>

Arts and Science Fund	Recreation Fund	Community Redevelopment Fund	Metropolitan Planning Organization Fund	Transportation Fund	Total	
					2002	2001
286,277	1,259,619	--	--	6,327,169	10,144,197	9,091,062
--	47,546	979,559	130,357	47,598	11,477,026	11,472,269
6,057	140,190	136,257	--	99,487	1,766,231	1,432,511
<u>292,334</u>	<u>1,447,355</u>	<u>1,115,816</u>	<u>130,357</u>	<u>6,474,254</u>	<u>23,387,454</u>	<u>21,995,842</u>
--	--	--	130,357	2,888,434	15,648,877	7,735,150
--	--	--	--	--	2,575,113	3,066,958
--	--	--	--	--	408,584	373,183
--	--	--	--	--	475,284	252,837
--	--	--	--	--	315,168	400,846
--	--	--	--	--	1,292,951	1,253,786
345,217	--	--	--	--	345,217	326,264
--	1,325,552	--	--	--	1,325,552	107,599
--	--	1,649,109	--	--	1,649,109	1,181,494
--	--	--	--	--	1,490,000	1,420,000
--	--	--	--	--	901,679	962,019
<u>345,217</u>	<u>1,325,552</u>	<u>1,649,109</u>	<u>130,357</u>	<u>2,888,434</u>	<u>26,427,534</u>	<u>17,080,136</u>
<u>(52,883)</u>	<u>121,803</u>	<u>(533,293)</u>	<u>--</u>	<u>3,585,820</u>	<u>(3,040,080)</u>	<u>4,915,706</u>
95,000	--	416,500	--	--	5,318,815	4,221,727
--	3,100,000	--	--	--	3,100,000	--
--	(884,823)	--	--	(574,785)	(3,219,671)	(2,083,710)
<u>95,000</u>	<u>2,215,177</u>	<u>416,500</u>	<u>--</u>	<u>(574,785)</u>	<u>5,199,144</u>	<u>2,138,017</u>
42,117	2,336,980	(116,793)	--	3,011,035	2,159,064	7,053,723
<u>120,118</u>	<u>3,496,342</u>	<u>578,394</u>	<u>--</u>	<u>4,672,883</u>	<u>24,317,465</u>	<u>17,263,742</u>
<u>162,235</u>	<u>5,833,322</u>	<u>461,601</u>	<u>--</u>	<u>7,683,918</u>	<u>26,476,529</u>	<u>24,317,465</u>

Exhibit C-3

City of Flagstaff
Highway User Revenue Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	2002	2001
Assets		
Cash and Cash Equivalents	\$ 7,940,972	9,950,714
Cash with Fiscal Agent	--	1,900,066
Intergovernmental Receivable	29,152	--
Accounts Receivable (Net)	744,781	716,388
Interest Receivable	102,821	101,403
Grants Receivable	219,183	122,063
Interfund Receivable	2,830,000	910,000
Total Assets	\$ 11,866,909	13,700,634
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 1,958,283	613,451
Accrued Wages and Payroll Taxes	53,004	46,770
Current Bonds Payable	1,490,000	1,420,000
Interest Payable	450,246	480,066
Total Liabilities	3,951,533	2,560,287
 Fund Balances:		
Unreserved	7,915,376	11,140,347
Total Liabilities and Fund Balances	\$ 11,866,909	13,700,634

City of Flagstaff
Highway Users Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 9,029,207	8,784,630	(244,577)	8,410,137
Miscellaneous:				
Interest	555,000	427,862	(127,138)	651,151
Sale of Fixed Assets	--	2,935	2,935	14,400
Other	73,000	52,912	(20,088)	100
Total Revenues	<u>9,657,207</u>	<u>9,268,339</u>	<u>(388,868)</u>	<u>9,075,788</u>
Expenditures:				
Current:				
Staff and Support Services	1,750,489	1,626,844	123,645	1,545,745
Street Maintenance	3,290,129	2,632,927	657,202	2,601,130
Street Construction	12,515,649	7,793,123	4,722,526	2,469,410
Transportation	4,816,972	572,790	4,244,182	66,308
Contingency	50,000	4,402	45,598	--
Total Highways and Streets	<u>22,423,239</u>	<u>12,630,086</u>	<u>9,793,153</u>	<u>6,682,593</u>
Debt Service:				
Principal Retirement	1,490,000	1,490,000	--	1,420,000
Interest and Fiscal Charges	904,293	901,679	2,614	962,019
Total Expenditures	<u>24,817,532</u>	<u>15,021,765</u>	<u>9,795,767</u>	<u>9,064,612</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,160,325)</u>	<u>(5,753,426)</u>	<u>9,406,899</u>	<u>11,176</u>
Other Financing Sources (Uses):				
Operating Transfers - In	8,288,364	3,543,563	(4,744,801)	2,380,133
Operating Transfers - Out	(1,015,287)	(1,015,108)	179	(1,274,311)
Total Other Financing Sources (Uses)	<u>7,273,077</u>	<u>2,528,455</u>	<u>(4,744,622)</u>	<u>1,105,822</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(7,887,248)</u>	<u>(3,224,971)</u>	<u>4,662,277</u>	<u>1,116,998</u>
Fund Balances at Beginning of Year	<u>11,109,971</u>	<u>11,140,347</u>	<u>30,376</u>	<u>10,023,349</u>
Fund Balances at End of Year	<u>\$ 3,222,723</u>	<u>7,915,376</u>	<u>4,692,653</u>	<u>11,140,347</u>

Exhibit C-5

City of Flagstaff
Library Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 1,001,807	747,044
Accounts Receivable (Net)	78,851	354,286
Restricted Assets		
Cash and Cash Equivalents	75,800	188,443
Accounts Receivable (Net)	<u>733,384</u>	<u>209,273</u>
Total Assets	<u><u>\$ 1,889,842</u></u>	<u><u>1,499,046</u></u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 23,412	38,013
Accrued Wages and Payroll Taxes	44,396	35,142
Payable from Restricted Assets:		
Deferred Revenue	777,077	319,456
Grant Revenue in Advance	<u>32,107</u>	<u>78,260</u>
Total Liabilities	<u>876,992</u>	<u>470,871</u>
 Fund Balances:		
Unreserved	<u>1,012,850</u>	<u>1,028,175</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,889,842</u></u>	<u><u>1,499,046</u></u>

City of Flagstaff
Library Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 1,940,237	1,479,720	(460,517)	1,989,082
Miscellaneous:				
Interest	10,000	24,704	14,704	57,939
Sale of Fixed Assets	--	412	412	248
Other	20,000	51,200	31,200	(256)
Total Revenues	<u>1,970,237</u>	<u>1,556,036</u>	<u>(414,201)</u>	<u>2,047,013</u>
Expenditures:				
Current:				
Staff Support and Services	198,877	193,115	5,762	265,137
Library Services	2,957,362	2,381,998	575,364	2,801,821
Contingencies	100,000	--	100,000	--
Total Expenditures	<u>3,256,239</u>	<u>2,575,113</u>	<u>681,126</u>	<u>3,066,958</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,286,002)</u>	<u>(1,019,077)</u>	<u>266,925</u>	<u>(1,019,945)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	<u>774,240</u>	<u>1,003,752</u>	<u>229,512</u>	<u>1,078,240</u>
Total Other Financing Sources (Uses)	<u>774,240</u>	<u>1,003,752</u>	<u>229,512</u>	<u>1,078,240</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(511,762)	(15,325)	496,437	58,295
Fund Balances at Beginning of Year	<u>1,380,182</u>	<u>1,028,175</u>	<u>(352,007)</u>	<u>969,880</u>
Fund Balances at End of Year	<u>\$ 868,420</u>	<u>1,012,850</u>	<u>144,430</u>	<u>1,028,175</u>

Exhibit C-7

City of Flagstaff
Real Estate Proceeds Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	2002	2001
Assets		
Cash and Cash Equivalents	\$ 1,100,663	\$ 755,448
Receivable from Sale of Property	143,238	143,238
Accounts Receivable (Net)	863	862
Total Assets	\$ 1,244,764	\$ 899,548
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 2,439	\$ 104,017
Deferred Revenue	143,238	143,238
Total Liabilities	145,677	247,255
Fund Balances:		
Unreserved	1,099,087	652,293
Total Liabilities and Fund Balances	\$ 1,244,764	\$ 899,548

City of Flagstaff
Real Estate Proceeds Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Miscellaneous:				
Interest	\$ 30,350	49,838	19,488	46,778
Sale of Real Property	717,000	427,000	(290,000)	--
Other	--	228,540	228,540	--
Total Revenues	<u>747,350</u>	<u>705,378</u>	<u>(41,972)</u>	<u>46,778</u>
Expenditures:				
Current:				
Real Estate	<u>885,000</u>	<u>408,584</u>	<u>476,416</u>	<u>373,183</u>
Total Expenditures	<u>885,000</u>	<u>408,584</u>	<u>476,416</u>	<u>373,183</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(137,650)</u>	<u>296,794</u>	<u>434,444</u>	<u>(326,405)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	<u>150,000</u>	<u>150,000</u>	<u>--</u>	<u>150,000</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>--</u>	<u>150,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	12,350	446,794	434,444	(176,405)
Fund Balances at Beginning of Year	<u>883,829</u>	<u>652,293</u>	<u>(231,536)</u>	<u>828,698</u>
Fund Balances at End of Year	<u>\$ 896,179</u>	<u>1,099,087</u>	<u>202,908</u>	<u>652,293</u>

Exhibit C-9

City of Flagstaff
 Beautification Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 1,332,190	1,705,571
Accounts Receivable (Net)	--	35,042
Restricted Assets:		
Cash and Cash Equivalents	<u>12,780</u>	<u>30,030</u>
Total Assets	<u><u>\$ 1,344,970</u></u>	<u><u>1,770,643</u></u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 9,036	94,288
Accrued Wages and Payroll Taxes	2,514	1,869
Payable from Restricted Assets:		
Grant Revenue in Advance	<u>12,780</u>	<u>30,030</u>
Total Liabilities	<u>24,330</u>	<u>126,187</u>
Fund Balances:		
Unreserved	<u>1,320,640</u>	<u>1,644,456</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,344,970</u></u>	<u><u>1,770,643</u></u>

City of Flagstaff
 Beautification Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balances-Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 755,583	763,406	7,823	749,564
Intergovernmental	125,000	4,370	(120,630)	--
Miscellaneous:				
Interest	20,000	47,451	27,451	82,654
Other	3,000	(35,042)	(38,042)	--
Total Revenues	<u>903,583</u>	<u>780,185</u>	<u>(123,398)</u>	<u>832,218</u>
Expenditures:				
Current:				
Beautification	<u>1,298,789</u>	<u>475,284</u>	<u>823,505</u>	<u>252,837</u>
Total Expenditures	<u>1,298,789</u>	<u>475,284</u>	<u>823,505</u>	<u>252,837</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(395,206)</u>	<u>304,901</u>	<u>700,107</u>	<u>579,381</u>
Other Financing Sources (Uses):				
Operating Transfers - In	110,000	110,000	--	110,000
Operating Transfers - Out	<u>(769,278)</u>	<u>(738,717)</u>	<u>30,561</u>	<u>(179,448)</u>
Total Other Financing Sources (Uses)	<u>(659,278)</u>	<u>(628,717)</u>	<u>30,561</u>	<u>(69,448)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,054,484)	(323,816)	730,668	509,933
Fund Balances at Beginning of Year	<u>1,220,351</u>	<u>1,644,456</u>	<u>424,105</u>	<u>1,134,523</u>
Fund Balances at End of Year	<u>\$ 165,867</u>	<u>1,320,640</u>	<u>1,154,773</u>	<u>1,644,456</u>

Exhibit C-11

City of Flagstaff
 Economic Development Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 197,337	134,488
Accounts Receivable (Net)	<u>75,440</u>	<u>75,440</u>
Total Assets	<u>\$ 272,777</u>	<u>209,928</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	<u>\$ 84,434</u>	<u>74,037</u>
Total Liabilities	<u>84,434</u>	<u>74,037</u>
Fund Balances:		
Unreserved	<u>188,343</u>	<u>135,891</u>
Total Liabilities and Fund Balances	<u>\$ 272,777</u>	<u>209,928</u>

City of Flagstaff
Economic Development Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 358,902	362,618	3,716	356,043
Miscellaneous:				
Interest	1,627	5,002	3,375	8,264
Total Revenues	<u>360,529</u>	<u>367,620</u>	<u>7,091</u>	<u>364,307</u>
Expenditures:				
Current:				
Economic Development	379,900	315,168	64,732	400,846
Total Expenditures	<u>379,900</u>	<u>315,168</u>	<u>64,732</u>	<u>400,846</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,371)</u>	<u>52,452</u>	<u>71,823</u>	<u>(36,539)</u>
Fund Balances at Beginning of Year	<u>78,510</u>	<u>135,891</u>	<u>57,381</u>	<u>172,430</u>
Fund Balances at End of Year	<u>\$ 59,139</u>	<u>188,343</u>	<u>129,204</u>	<u>135,891</u>

Exhibit C-13

City of Flagstaff
Tourism Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	2002	2001
Assets		
Cash and Cash Equivalents	\$ 933,607	1,016,775
Accounts Receivable (Net)	72	900
Grants Receivable	3,246	6,607
Total Assets	\$ 936,925	1,024,282
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 130,953	171,949
Accrued Wages and Payroll Taxes	6,815	3,767
Total Liabilities	137,768	175,716
 Fund Balances:		
Unreserved	799,157	848,566
Total Liabilities and Fund Balances	\$ 936,925	1,024,282

City of Flagstaff
Tourism Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 1,133,375	1,145,108	11,733	1,124,346
Intergovernmental	60,000	3,246	(56,754)	6,607
Miscellaneous:				
Interest	18,721	32,493	13,772	62,803
Recovery of Prior Year Expense	--	--	--	30,532
Other	67,469	68,933	1,464	52,183
Total Revenues	1,279,565	1,249,780	(29,785)	1,276,471
Expenditures:				
Current:				
Tourism	1,644,203	1,292,951	351,252	1,253,786
Total Expenditures	1,644,203	1,292,951	351,252	1,253,786
Excess (Deficiency) of Revenues Over Expenditures	(364,638)	(43,171)	321,467	22,685
Other Financing Sources (Uses):				
Operating Transfers - Out	(6,238)	(6,238)	--	(6,238)
Total Other Financing Sources (Uses)	(6,238)	(6,238)	--	(6,238)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(370,876)	(49,409)	321,467	16,447
Fund Balances at Beginning of Year	852,101	848,566	(3,535)	832,119
Fund Balances at End of Year	\$ 481,225	799,157	317,932	848,566

Exhibit C-15

City of Flagstaff
Arts and Science Fund
Comparative Balance Sheets
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and Cash Equivalents	\$ 162,235	140,118
Total Assets	\$ 162,235	140,118
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ --	20,000
Total Liabilities	--	20,000
Fund Balances:		
Unreserved	162,235	120,118
Total Liabilities and Fund Balances	\$ 162,235	140,118

City of Flagstaff
Arts and Science Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 283,344	286,277	2,933	281,087
Miscellaneous:				
Interest	4,431	5,115	684	9,007
Other	--	942	942	--
Total Revenues	<u>287,775</u>	<u>292,334</u>	<u>4,559</u>	<u>290,094</u>
Expenditures:				
Current:				
Arts and Science	414,493	345,217	69,276	326,264
Total Expenditures	<u>414,493</u>	<u>345,217</u>	<u>69,276</u>	<u>326,264</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(126,718)</u>	<u>(52,883)</u>	<u>73,835</u>	<u>(36,170)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	95,000	95,000	--	78,354
Total Other Financing Sources (Uses)	<u>95,000</u>	<u>95,000</u>	<u>--</u>	<u>78,354</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(31,718)	42,117	73,835	42,184
Fund Balances at Beginning of Year	<u>88,629</u>	<u>120,118</u>	<u>31,489</u>	<u>77,934</u>
Fund Balances at End of Year	<u>\$ 56,911</u>	<u>162,235</u>	<u>105,324</u>	<u>120,118</u>

Exhibit C-17

City of Flagstaff
Recreation Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	2002	2001
Assets		
Cash and Cash Equivalents	\$ 6,144,442	3,571,596
Interest Receivable	12,270	7,686
Total Assets	\$ 6,156,712	3,579,282
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 323,390	14,995
Arbitrage Liability	--	67,945
Total Liabilities	323,390	82,940
Fund Balances:		
Unreserved	5,833,322	3,496,342
Total Liabilities and Fund Balances	\$ 6,156,712	3,579,282

City of Flagstaff
Recreation Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 1,246,712	1,259,619	12,907	1,236,781
Intergovernmental	679,792	47,546	(632,246)	--
Miscellaneous:				
Interest	160,000	129,630	(30,370)	178,676
Recovery of Prior Year Expense	--	10,560	10,560	--
Total Revenues	2,086,504	1,447,355	(639,149)	1,415,457
Expenditures:				
Current:				
Recreation	6,124,308	1,325,552	4,798,756	107,599
Total Expenditures	6,124,308	1,325,552	4,798,756	107,599
Excess (Deficiency) of Revenues Over Expenditures	(4,037,804)	121,803	4,159,607	1,307,858
Other Financing Sources (Uses):				
Bond proceeds	3,100,000	3,100,000	--	--
Operating Transfers - Out	(1,078,497)	(884,823)	193,674	(623,713)
Total Other Financing Sources (Uses)	2,021,503	2,215,177	193,674	(623,713)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(2,016,301)	2,336,980	4,353,281	684,145
Fund Balances at Beginning of Year	3,416,471	3,496,342	79,871	2,812,197
Fund Balances at End of Year	\$ 1,400,170	5,833,322	4,433,152	3,496,342

City of Flagstaff
 Community Redevelopment Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 1,132	452,630
Accounts Receivable (Net)	1,213	20,437
Grants Receivable	<u>586,368</u>	<u>152,448</u>
Total Assets	<u>\$ 588,713</u>	<u>625,515</u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 82,112	47,121
Interfund Payable	<u>45,000</u>	<u>--</u>
Total Liabilities	<u>127,112</u>	<u>47,121</u>
 Fund Balances:		
Unreserved	<u>461,601</u>	<u>578,394</u>
Total Liabilities and Fund Balances	<u>\$ 588,713</u>	<u>625,515</u>

City of Flagstaff
 Community Redevelopment Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balances-Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 1,659,527	979,559	(679,968)	800,367
Miscellaneous:				
Interest	5,000	5,853	853	16,135
Other	--	130,404	130,404	105,774
Total Revenues	<u>1,664,527</u>	<u>1,115,816</u>	<u>(548,711)</u>	<u>922,276</u>
Expenditures:				
Current:				
Community Redevelopment	<u>2,467,189</u>	<u>1,649,109</u>	<u>818,080</u>	<u>1,181,494</u>
Total Expenditures	<u>2,467,189</u>	<u>1,649,109</u>	<u>818,080</u>	<u>1,181,494</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(802,662)</u>	<u>(533,293)</u>	<u>269,369</u>	<u>(259,218)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	<u>425,000</u>	<u>416,500</u>	<u>(8,500)</u>	<u>425,000</u>
Total Other Financing Sources (Uses)	<u>425,000</u>	<u>416,500</u>	<u>(8,500)</u>	<u>425,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(377,662)</u>	<u>(116,793)</u>	<u>260,869</u>	<u>165,782</u>
Fund Balances at Beginning of Year	<u>466,463</u>	<u>578,394</u>	<u>111,931</u>	<u>412,612</u>
Fund Balances at End of Year	<u>\$ 88,801</u>	<u>461,601</u>	<u>372,800</u>	<u>578,394</u>

Exhibit C-21

City of Flagstaff
 Metropolitan Planning Organization Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 455	5,717
Grant Receivable	<u>76,903</u>	<u>61,269</u>
Total Assets	<u>\$ 77,358</u>	<u>66,986</u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 15,053	5,123
Accrued Wages and Payroll Taxes	2,305	1,863
Interfund Payable	<u>60,000</u>	<u>60,000</u>
Total Liabilities	<u>77,358</u>	<u>66,986</u>
 Fund Balances:		
Unreserved	<u>--</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 77,358</u>	<u>66,986</u>

City of Flagstaff
Metropolitan Planning Organization
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 1,073,090	130,357	(942,733)	123,283
Total Revenues	<u>1,073,090</u>	<u>130,357</u>	<u>(942,733)</u>	<u>123,283</u>
Expenditures:				
Current:				
Metropolitan Planning	1,073,090	130,357	942,733	123,283
Total Expenditures	<u>1,073,090</u>	<u>130,357</u>	<u>942,733</u>	<u>123,283</u>
Excess (Deficiency) of Revenues Over Expenditures	--	--	--	--
Fund Balances at Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances at End of Year	<u>\$ --</u>	<u>--</u>	<u>--</u>	<u>--</u>

City of Flagstaff
 Transportation Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	2002	2001
Assets		
Cash and Cash Equivalents	\$ 7,107,159	3,972,433
Grant Receivable	18,016	31,295
Sales Tax Receivable	805,873	669,155
Total Assets	\$ 7,931,048	4,672,883
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 247,130	--
Total Liabilities	247,130	--
Fund Balances:		
Unreserved	7,683,918	4,672,883
Total Liabilities and Fund Balances	\$ 7,931,048	4,672,883

City of Flagstaff
 Transportation Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balances-Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 5,960,136	6,327,169	367,033	5,343,241
Intergovernmental	--	47,598	47,598	142,793
Miscellaneous:				
Interest	187,670	99,487	(88,183)	116,123
Total Revenues	<u>6,147,806</u>	<u>6,474,254</u>	<u>326,448</u>	<u>5,602,157</u>
Expenditures:				
Current:				
Transportation	4,537,673	2,888,434	1,649,239	929,274
Total Expenditures	<u>4,537,673</u>	<u>2,888,434</u>	<u>1,649,239</u>	<u>929,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,610,133</u>	<u>3,585,820</u>	<u>1,975,687</u>	<u>4,672,883</u>
Other Financing Sources (Uses):				
Operating Transfers - Out	(5,316,972)	(574,785)	4,742,187	--
Total Other Financing Sources (Uses)	<u>(5,316,972)</u>	<u>(574,785)</u>	<u>4,742,187</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(3,706,839)	3,011,035	6,717,874	4,672,883
Fund Balances at Beginning of Year	<u>3,755,680</u>	<u>4,672,883</u>	<u>917,203</u>	<u>--</u>
Fund Balances at End of Year	<u>\$ 48,841</u>	<u>7,683,918</u>	<u>7,635,077</u>	<u>4,672,883</u>



Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

General Obligation Bond Fund

This fund accounts for the accumulation of resources for and the payments of principal, interest and costs of General Obligation Bonds.

Special Assessment Bond Fund

This fund accounts for the accumulation of resources for and the payment of principal, interest and related costs for all improvement district bonds issued by the City.

Secondary Property Tax Revenue Fund

This fund is used to account for secondary property tax revenues. Monies received by this fund are legally restricted to payment of general obligation debt.

DEBT SERVICE FUNDS

City of Flagstaff
Debt Service Funds
Combining Balance Sheet
June 30, 2002
(With Comparative Totals as of June 30, 2001)

	General Obligation Bond Fund	Special Assessment Bond Fund	Secondary Property Tax Revenue Fund	Total	
				2002	2001
Assets					
Cash and Cash Equivalents	\$ 1,550,686	387,302	313,239	2,251,227	419,323
Cash with Fiscal Agent	--	--	--	--	1,346,927
Special Assessments Receivable	--	904,292	--	904,292	1,255,186
Total Assets	\$ 1,550,686	1,291,594	313,239	3,155,519	3,021,436
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ --	1,063	--	1,063	--
Current Bonds Payable	1,260,000	--	--	1,260,000	1,085,000
Interest Payable	278,905	29,502	--	308,407	261,991
Deferred Revenue	--	904,292	--	904,292	1,255,186
Total Liabilities	1,538,905	934,857	--	2,473,762	2,602,177
Fund Balances:					
Reserved for Debt Service	11,781	356,737	313,239	681,757	419,259
Total Fund Balances	11,781	356,737	313,239	681,757	419,259
Total Liabilities and Fund Balances	\$ 1,550,686	1,291,594	313,239	3,155,519	3,021,436

City of Flagstaff
 Debt Service Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	General Obligation Bond Fund	Special Assessment Bond Fund	Secondary Property Tax Revenue Fund	Total	
				2002	2001
Revenues:					
Taxes	\$ --	--	4,197,777	4,197,777	3,896,103
Special Assessments	--	350,894	--	350,894	269,794
Miscellaneous	157	97,994	3,766	101,917	115,329
Total Revenues	157	448,888	4,201,543	4,650,588	4,281,226
Expenditures:					
Debt Service:					
Principal Retirement	1,260,000	229,000	--	1,489,000	1,288,000
Interest and Fiscal Charges	471,044	70,351	--	541,395	536,901
Total Expenditures	1,731,044	299,351	--	2,030,395	1,824,901
Excess (Deficiency) of Revenues Over Expenditures	(1,730,887)	149,537	4,201,543	2,620,193	2,456,325
Other Financing Sources (Uses):					
Operating Transfers - In	1,731,044	--	--	1,731,044	1,538,255
Operating Transfers - Out	--	--	(4,088,739)	(4,088,739)	(4,069,054)
Total Other Financing Sources (Uses)	1,731,044	--	(4,088,739)	(2,357,695)	(2,530,799)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	157	149,537	112,804	262,498	(74,474)
Fund Balances at Beginning of Year	11,624	207,200	200,435	419,259	493,733
Fund Balances at End of Year	\$ 11,781	356,737	313,239	681,757	419,259

City of Flagstaff
 General Obligation Bond Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	2002	2001
Assets		
Cash and Cash Equivalents	\$ 1,550,686	11,624
Cash with Fiscal Agent	--	1,311,627
Total Assets	\$ 1,550,686	1,323,251
 Liabilities and Fund Balances		
Liabilities:		
Current Bonds Payable	\$ 1,260,000	1,085,000
Interest Payable	278,905	226,627
Total Liabilities	1,538,905	1,311,627
Fund Balances:		
Reserved for Debt Service	11,781	11,624
Total Liabilities and Fund Balances	\$ 1,550,686	1,323,251

City of Flagstaff
 General Obligation Bond Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Miscellaneous Revenues:				
Interest	\$ 600	157	(443)	290
Total Revenues	600	157	(443)	290
Expenditures:				
Debt Service:				
Principal Retirement	1,260,000	1,260,000	--	1,085,000
Interest and Fiscal Charges	537,316	471,044	66,272	454,736
Total Expenditures	1,797,316	1,731,044	66,272	1,539,736
Excess (Deficiency) of Revenues Over Expenditures	(1,796,716)	(1,730,887)	65,829	(1,539,446)
Other Financing Sources (Uses):				
Operating Transfers - In	1,795,816	1,731,044	(64,772)	1,538,255
Total Other Financing Sources (Uses)	1,795,816	1,731,044	(64,772)	1,538,255
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(900)	157	1,057	(1,191)
Fund Balances at Beginning of Year	11,914	11,624	(290)	12,815
Fund Balances at End of Year	\$ 11,014	11,781	767	11,624

City of Flagstaff
 Special Assessment Bond Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 387,302	\$ 207,264
Cash with Fiscal Agent	--	35,300
Special Assessment Receivable	<u>904,292</u>	<u>1,255,186</u>
Total Assets	<u>\$ 1,291,594</u>	<u>1,497,750</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 1,063	35,364
Interest Payable	29,502	35,364
Deferred Revenue	<u>904,292</u>	<u>1,255,186</u>
Total Liabilities	<u>934,857</u>	<u>1,290,550</u>
Fund Balances:		
Reserved for Debt Service	<u>356,737</u>	<u>207,200</u>
Total Liabilities and Fund Balances	<u>\$ 1,291,594</u>	<u>1,497,750</u>

Exhibit D-6

City of Flagstaff
 Special Assessment Bond Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Special Assessments	\$ 214,413	350,894	136,481	269,794
Miscellaneous Revenues:				
Interest	67,611	96,024	28,413	103,894
Miscellaneous	--	1,970	1,970	1,181
Total Revenues	<u>282,024</u>	<u>448,888</u>	<u>166,864</u>	<u>374,869</u>
Expenditures:				
Debt Service:				
Principal Retirement	229,000	229,000	--	203,000
Interest and Fiscal Charges	<u>70,313</u>	<u>70,351</u>	<u>(38)</u>	<u>82,165</u>
Total Expenditures	<u>299,313</u>	<u>299,351</u>	<u>(38)</u>	<u>285,165</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,289)	149,537	166,826	89,704
Fund Balances at Beginning of Year	<u>101,241</u>	<u>207,200</u>	<u>105,959</u>	<u>117,496</u>
Fund Balances at End of Year	<u>\$ 83,952</u>	<u>356,737</u>	<u>272,785</u>	<u>207,200</u>

City of Flagstaff
 Secondary Property Tax Revenue Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	2002	2001
Assets		
Cash and Cash Equivalents	\$ 313,239	200,435
Total Assets	\$ 313,239	200,435
Liabilities and Fund Balances		
Liabilities:	\$ --	--
Total Liabilities	--	--
Fund Balances:		
Reserved for Debt Service	313,239	200,435
Total Liabilities and Fund Balances	\$ 313,239	200,435

City of Flagstaff
 Secondary Property Tax Revenue Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 4,204,927	4,197,777	(7,150)	3,896,103
Miscellaneous Revenues:				
Interest	16,100	3,766	(12,334)	9,964
Total Revenues	<u>4,221,027</u>	<u>4,201,543</u>	<u>(19,484)</u>	<u>3,906,067</u>
Expenditures:	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,221,027</u>	<u>4,201,543</u>	<u>(19,484)</u>	<u>3,906,067</u>
Other Financing Sources (Uses):				
Operating Transfers - Out	<u>(4,111,181)</u>	<u>(4,088,739)</u>	<u>22,442</u>	<u>(4,069,054)</u>
Total Other Financing Sources (Uses)	<u>(4,111,181)</u>	<u>(4,088,739)</u>	<u>22,442</u>	<u>(4,069,054)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	109,846	112,804	2,958	(162,987)
Fund Balances at Beginning of Year	<u>322,822</u>	<u>200,435</u>	<u>(122,387)</u>	<u>363,422</u>
Fund Balances at End of Year	<u>\$ 432,668</u>	<u>313,239</u>	<u>(119,429)</u>	<u>200,435</u>

Capital Projects Funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations.

Bond Construction Fund

This fund was established in fiscal year 1997 to account for the receipt of bond proceeds and construction of capital projects. General obligation bonds were issued on February 1, 1997 in the amount of \$5,500,000 for Public Safety facilities and equipment. The Municipal Facility Corporation issued bonds on April 1, 2001 for the construction of a new USGS facility, which will be constructed and leased to the City of Flagstaff.

CAPITAL PROJECTS FUNDS

City of Flagstaff
 Capital Project Funds
 Combining Balance Sheet
 June 30, 2002
 (With Comparative Totals as of June 30, 2001)

	Bond Construction Fund	Total	
		2002	2001
Assets			
Cash and Cash Equivalents	\$ 115,488	115,488	1,931,419
Accounts Receivable (Net)	961,128	961,128	850,939
Bond Proceeds Receivable	788,587	788,587	2,445,000
Total Assets	\$ 1,865,203	1,865,203	5,227,358
Liabilities and Fund Balances			
Liabilities:			
Interfund Payable	\$ 1,440,000	1,440,000	--
Arbitrage Liability	--	--	72,948
Total Liabilities	1,440,000	1,440,000	72,948
Fund Balances:			
Reserved for Capital Projects	425,203	425,203	5,154,410
Total Fund Balances	425,203	425,203	5,154,410
Total Liabilities and Fund Balances	\$ 1,865,203	1,865,203	5,227,358

Exhibit E-2

City of Flagstaff
 Capital Project Funds
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Bond Construction Fund	Total	
		2002	2001
Revenues:			
Intergovernmental	\$ 251,594	251,594	580,241
Miscellaneous	67,539	67,539	156,937
Total Revenues	319,133	319,133	737,178
Expenditures:			
Capital Projects	5,788,006	5,788,006	2,165,989
Total Expenditures	5,788,006	5,788,006	2,165,989
Excess (Deficiency) of Revenues Over Expenditures	(5,468,873)	(5,468,873)	(1,428,811)
Other Financing Sources (Uses):			
Operating Transfers - In	1,061,000	1,061,000	821,000
Operating Transfers - Out	(321,334)	(321,334)	--
Bond Proceeds	--	--	4,475,343
Total Other Financing Sources (Uses)	739,666	739,666	5,296,343
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(4,729,207)	(4,729,207)	3,867,532
Fund Balance at Beginning of Year	5,154,410	5,154,410	1,286,878
Fund Balances at End of Year	\$ 425,203	425,203	5,154,410

City of Flagstaff
 Bond Construction Fund
 Comparative Balance Sheets
 June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 115,488	1,931,419
Accounts Receivable (Net)	961,128	850,939
Bond Proceeds Receivable	<u>788,587</u>	<u>2,445,000</u>
Total Assets	<u>\$ 1,865,203</u>	<u>5,227,358</u>
Liabilities and Fund Balances		
Liabilities:		
Interfund Payable	\$ 1,440,000	--
Arbitrage Liability	<u>--</u>	<u>72,948</u>
Total Liabilities	<u>1,440,000</u>	<u>72,948</u>
Fund Balances:		
Reserved	<u>425,203</u>	<u>5,154,410</u>
Total Liabilities and Fund Balances	<u>\$ 1,865,203</u>	<u>5,227,358</u>

Exhibit E-4

City of Flagstaff
 Bond Construction Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual for the Fiscal Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 75,048	251,594	176,546	580,241
Miscellaneous Revenues:				
Interest	--	56,197	56,197	15,532
Other	--	11,342	11,342	141,405
Total Revenues	<u>75,048</u>	<u>319,133</u>	<u>244,085</u>	<u>737,178</u>
Expenditures:				
Capital Projects	4,832,096	5,788,006	(955,910)	2,165,989
Total Expenditures	<u>4,832,096</u>	<u>5,788,006</u>	<u>(955,910)</u>	<u>2,165,989</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (4,757,048)	 (5,468,873)	 (711,825)	 (1,428,811)
Other Financing Sources (Uses):				
Operating Transfers - In	1,061,000	1,061,000	--	821,000
Operating Transfers - Out	(321,334)	(321,334)	--	--
Bond Proceeds	4,486,343	--	4,486,343	4,475,343
Total Other Financing Sources (Uses)	<u>5,226,009</u>	<u>739,666</u>	<u>4,486,343</u>	<u>5,296,343</u>
 Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	 468,961	 (4,729,207)	 (5,198,168)	 3,867,532
 Fund Balance (Deficit) at Beginning of Year	 660,869	 5,154,410	 4,493,541	 1,286,878
Fund Balance at End of Year	<u>\$ 1,129,830</u>	<u>425,203</u>	<u>(704,627)</u>	<u>5,154,410</u>

Enterprise Funds are designed to accumulate the total cost of providing a particular service and to indicate the extent to which user charges imposed upon service consumers are sufficient to cover those costs. These funds are maintained on an accrual basis of accounting.

Water and Wastewater Fund

This fund is used to account for the services that the Water and Wastewater utility provide to city residents and some residents of the County. All revenues generated and expenses incurred for the operation of the water and wastewater plants, the water production and distribution systems, and the wastewater collection system are accounted for in this fund.

Airport Fund

The operation of Pulliam Airport is accounted for in this fund, including user charges, rental of airport facilities and the maintenance of runways, buildings and grounds at this location.

Environmental Services Fund

The collection of residential and commercial refuses and the operation of the City landfill are accounted for in this fund, including user charges and related expenses.

ENTERPRISE FUNDS

ENTERPRISE FUNDS

City of Flagstaff
Enterprise Funds
Combining Balance Sheet
June 30, 2002
(With Comparative Totals as of June 30, 2001)

	Water and Wastewater Fund	Airport Fund	Environmental Services Fund	Totals	
				2002	2001
Assets					
Cash and Cash Equivalents	\$ 20,178,785	20,442	5,043,642	25,242,869	24,789,435
Accounts Receivable (Net)	2,491,795	104,295	659,698	3,255,788	3,146,720
Interest Receivable	164,802	1,862	31,895	198,559	225,261
Grants Receivable	--	3,903,861	150,214	4,054,075	1,427,922
Restricted Assets:					
Cash and Cash Equivalents	4,547,394	620,585	3,871,063	9,039,042	7,792,043
Interest Receivable	--	--	15,799	15,799	28,424
Inventory	428,127	--	--	428,127	314,192
Fixed Assets (Net of Depreciation)	164,553,598	27,366,305	6,612,887	198,532,790	187,513,762
Total Assets	\$ 192,364,501	32,017,350	16,385,198	240,767,049	225,237,759
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	\$ 1,319,262	1,141,194	112,847	2,573,303	1,260,462
Accrued Wages and Taxes Payable	172,773	20,557	78,544	271,874	239,529
Payable from Restricted Assets:					
Interest Payable	608,629	104,400	--	713,029	327,194
General Obligation Bonds	1,788,110	130,000	--	1,918,110	1,720,000
Customer Deposits	556,740	--	--	556,740	522,513
Landfill Closure and Post-Closure Liability	--	--	3,886,862	3,886,862	3,275,256
Guaranty and Other Deposits	75,189	15,670	17,340	108,199	99,916
Capital Lease	--	62,684	--	62,684	90,424
Interfund Payable	--	2,819,897	--	2,819,897	944,897
Deferred Revenue	116,241	17,002	--	133,243	152,277
Bonds Payable (Less Current Portion):					
General Obligation Bonds	23,154,725	1,895,000	--	25,049,725	26,637,570
Arbitrage Liability	--	--	--	--	101,726
Loans Payable	3,497,183	543,136	--	4,040,319	4,353,622
Landfill Closure and Post-Closure Liability	--	--	7,636,068	7,636,068	7,702,592
Total Liabilities	31,288,852	6,749,540	11,731,661	49,770,053	47,427,978
Fund Equity:					
Contributed Capital:					
Capital Grants (Net)	16,608,763	12,870,943	--	29,479,706	30,954,780
Municipality	6,228,012	6,914,769	1,065,387	14,208,168	14,208,168
Contractor	46,706,597	--	--	46,706,597	46,706,597
Retained Earnings:					
Reserved for:					
Renewal and Replacement	1,593,915	--	--	1,593,915	1,593,915
Airport Construction	--	386,185	--	386,185	381,589
Unreserved as Restated	89,938,362	5,095,913	3,588,150	98,622,425	83,964,732
Total Retained Earnings as Restated	91,532,277	5,482,098	3,588,150	100,602,525	85,940,236
Total Fund Equity	161,075,649	25,267,810	4,653,537	190,996,996	177,809,781
Total Liabilities and Fund Equity	\$ 192,364,501	32,017,350	16,385,198	240,767,049	225,237,759

City of Flagstaff
Enterprise Funds
Combining Statement of Revenues, Expenses and
Changes in Retained Earnings
For the Fiscal Year Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Water and Wastewater Fund	Airport Fund	Environmental Services Fund	Totals	
				2002	2001
Operating Revenues:					
Water Revenues	\$ 10,438,668	--	--	10,438,668	10,560,317
Sewer Revenues	6,454,599	--	--	6,454,599	6,468,407
Airport Revenues	--	838,596	--	838,596	804,056
Environmental Services Revenues	--	--	6,667,016	6,667,016	5,144,988
Intergovernmental Revenue	--	788	--	788	--
Miscellaneous Revenues	--	3,786	--	3,786	9,867
Total Operating Revenues	16,893,267	843,170	6,667,016	24,403,453	22,987,635
Operating Expenses:					
Staff Support and Services	1,715,604	408,276	677,951	2,801,831	2,905,766
Administration	644,962	--	--	644,962	496,247
Water	4,126,431	--	--	4,126,431	4,574,334
Wastewater	3,100,746	--	--	3,100,746	2,909,411
Airport	--	753,331	--	753,331	770,650
Environmental Services	--	--	5,273,607	5,273,607	3,730,844
Depreciation	4,855,306	1,247,527	697,731	6,800,564	6,685,318
Total Operating Expenses	14,443,049	2,409,134	6,649,289	23,501,472	22,072,570
Operating Income (Loss)	2,450,218	(1,565,964)	17,727	901,981	915,065
Non Operating Revenues (Expenses):					
Interest Income	744,441	19,636	255,453	1,019,530	1,831,262
Interest Expense and Fiscal Charges	(1,329,590)	(137,112)	--	(1,466,702)	(1,733,528)
Water and Sewer Buy-Ins	1,595,052	--	--	1,595,052	1,261,030
Net Gain (Loss) on Disposal of Fixed Assets	(96,402)	(5,674)	(60,203)	(162,279)	14,103
Contribution Revenue	3,645,030	6,858,215	150,214	10,653,459	6,554,879
Miscellaneous	28,438	--	4,195	32,633	(8,024)
Total Non-Operating Revenues (Expenses)	4,586,969	6,735,065	349,659	11,671,693	7,919,722
Income Before Operating Transfers	7,037,187	5,169,101	367,386	12,573,674	8,834,787
Operating Transfers In (Out):					
Operating Transfers - In from:					
Secondary Property Tax Revenue Fund	2,391,679	132,271	--	2,523,950	2,625,000
General Fund	--	816,714	64,255	880,969	845,688
Beautification	--	--	29,978	29,978	29,247
Operating Transfers - Out to:					
General Fund	(2,391,679)	--	(429,678)	(2,821,357)	(2,809,811)
Net Operating Transfers In (Out)	--	948,985	(335,445)	613,540	690,124
Net Income (Loss)	7,037,187	6,118,086	31,941	13,187,214	9,524,911
Add Back Depreciation on Fixed Assets					
Acquired with Capital Grants	691,893	783,182	--	1,475,075	1,517,557
Increase (Decrease) in Retained Earnings	7,729,080	6,901,268	31,941	14,662,289	11,042,468
Retained Earnings (Deficit) July 1	83,803,197	(1,419,170)	3,556,209	85,940,236	74,897,768
Retained Earnings at June 30 as Restated	\$ 91,532,277	5,482,098	3,588,150	100,602,525	85,940,236

City of Flagstaff
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Water and Wastewater Fund	Airport Fund	Environmental Services Fund	2002 Total	2001 Total
Cash Flows From Operating Activities					
Cash Received From Customers and Users	\$ 16,777,736	807,340	6,705,523	24,290,599	23,211,712
Cash Payments to Other Supplies of Goods and Services	(4,208,161)	185,171	(2,985,886)	(7,008,876)	(6,772,150)
Cash Payments to Employees for Services	(4,682,923)	(702,717)	(2,530,059)	(7,915,699)	(7,419,452)
(Increase) Decrease in Operating Grants Receivable	--	21,460	--	21,460	600
Increase in Customer Deposits	34,227	238	--	34,465	1,645
(Decrease) in Customer Deposits	--	--	--	--	(33,704)
Miscellaneous Operating Revenue (Expense)	27,300	3,786	4,195	35,281	9,987
Net Cash Provided (Used) by Operating Activities	<u>7,948,179</u>	<u>315,278</u>	<u>1,193,773</u>	<u>9,457,230</u>	<u>8,998,638</u>
Cash Flows From Non-Capital Financing Activities					
Operating Transfers In From Other Funds	2,391,679	948,985	--	3,340,664	3,408,000
Gross Increase (Decrease) in Interfund Payable	--	1,875,000	--	1,875,000	450,000
Operating Transfers Out to Other Funds	(2,391,679)	--	(335,445)	(2,727,124)	(2,717,876)
Change in Guarantees	8,045	--	--	8,045	16,405
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>8,045</u>	<u>2,823,985</u>	<u>(335,445)</u>	<u>2,496,585</u>	<u>1,156,529</u>
Cash Flows From Capital and Related Financing Activities					
Capital Grants Received	--	4,360,816	--	4,360,816	972,028
Capital Contributed by Contractors	1,595,052	--	--	1,595,052	1,261,030
Bonds					
Principal Payments	(1,194,735)	(195,000)	--	(1,389,735)	(3,631,891)
Interest Payments and Related Expenses	(1,043,717)	1,000	--	(1,042,717)	(2,231,985)
Proceeds From Sale of Capital Assets	15,555	--	86	15,641	14,102
Principal on Loans Receivable	--	--	--	--	175,094
Acquisition and Construction of Capital Assets	(6,727,526)	(7,183,447)	(440,371)	(14,351,344)	(8,341,409)
Increase in Arbitrage Liability	(101,726)	--	--	(101,726)	24,138
Principal Paid on ADEQ Loan	(289,605)	--	--	(289,605)	(280,077)
Capital Lease					
Principal Payments	--	(27,740)	--	(27,740)	(25,586)
Interest Payments	--	(6,899)	--	(6,899)	(9,053)
Capital Loan					
Principal Payments	--	(23,698)	--	(23,698)	(22,416)
Interest Payments	--	(31,251)	--	(31,251)	(32,533)
Increase in Deferred Revenue	(16,605)	(2,428)	--	(19,033)	152,277
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,763,307)</u>	<u>(3,108,647)</u>	<u>(440,285)</u>	<u>(11,312,239)</u>	<u>(11,976,281)</u>
Cash Flows from Investing Activities					
Interest From State Investment Pool	767,587	17,774	273,496	1,058,857	1,993,562
Net Cash from Investing Activities	<u>767,587</u>	<u>17,774</u>	<u>273,496</u>	<u>1,058,857</u>	<u>1,993,562</u>
Net Increase (Decrease) in Cash	960,504	48,390	691,539	1,700,433	172,448
Cash Balance July 1	23,765,675	592,637	8,223,166	32,581,478	32,409,030
Cash Balance June 30	<u>\$ 24,726,179</u>	<u>641,027</u>	<u>8,914,705</u>	<u>34,281,911</u>	<u>32,581,478</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ 2,450,218	(1,565,964)	17,727	901,981	915,065
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities					
Depreciation	4,855,306	1,247,527	697,731	6,800,564	6,685,318
Changes in Assets and Liabilities					
(Increase) Decrease in Accounts Receivable	(115,531)	(32,044)	38,507	(109,068)	225,658
(Increase) Decrease in Inventory	(113,935)	--	--	(113,935)	(3,194)
Increase (Decrease) in Accounts Payable	791,671	641,770	(120,600)	1,312,841	580,999
Increase (Decrease) in Accrued Payroll and Payroll Taxes	18,923	2,291	11,131	32,345	18,344
Increase in Customer Deposits	34,227	238	--	34,465	1,645
(Decrease) in Customer Deposits	--	--	--	--	(33,704)
(Increase) Decrease in Operating Grants Receivable	--	21,460	--	21,460	--
Increase (Decrease) in Landfill Closure and Post-Closure Liability	--	--	545,082	545,082	599,501
Miscellaneous Revenues (Expenses)	27,300	--	4,195	31,495	9,006
Total Adjustments	<u>5,497,961</u>	<u>1,881,242</u>	<u>1,176,046</u>	<u>8,555,249</u>	<u>8,083,573</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,948,179</u>	<u>315,278</u>	<u>1,193,773</u>	<u>9,457,230</u>	<u>8,998,638</u>
Non-Cash Investing, Capital, and Financing Activities					
Developers Contributing Assets to Governmental Entity	\$ 3,645,030	--	--	3,645,030	4,600,090
Cash and Cash Equivalents					
Unrestricted	\$ 20,178,785	20,442	5,043,642	25,242,869	24,789,435
Restricted	4,547,394	620,585	3,871,063	9,039,042	7,792,043
Cash Balance June 30	<u>\$ 24,726,179</u>	<u>641,027</u>	<u>8,914,705</u>	<u>34,281,911</u>	<u>32,581,478</u>

City of Flagstaff
Water and Wastewater Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 22,858,778	19,801,491
Accounts Receivable (Net)	2,491,795	2,376,264
Interest Receivable	164,802	187,948
Restricted Assets:		
Cash and Cash Equivalents	1,867,401	3,964,184
Inventory	428,127	314,192
Fixed Assets (Net of Depreciation)	<u>164,553,598</u>	<u>159,147,166</u>
 Total Assets	 <u>\$ 192,364,501</u>	 <u>185,791,245</u>
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	\$ 1,319,262	527,591
Accrued Wages and Taxes Payable	172,773	153,850
Payable from Restricted Assets:		
Interest Payable	608,629	322,756
General Obligation Bonds	1,788,110	1,525,000
Customer Deposits	556,740	522,513
Guaranty and Other Deposits	75,189	67,144
Deferred Revenue	116,241	132,846
Bonds Payable (Less Current Portion):		
General Obligation Bonds	23,154,725	24,612,570
Arbitrage Liability	--	101,726
Loans Payable	<u>3,497,183</u>	<u>3,786,788</u>
 Total Liabilities	 <u>31,288,852</u>	 <u>31,752,784</u>
Fund Equity:		
Contributed Capital:		
Capital Grants (Net)	16,608,763	17,300,655
Municipality	6,228,012	6,228,012
Contractors	46,706,597	46,706,597
Retained Earnings:		
Reserved for:		
Renewal and Replacement	1,593,915	1,593,915
Unreserved as Restated	<u>89,938,362</u>	<u>82,209,282</u>
 Total Retained Earnings as Restated	 <u>91,532,277</u>	 <u>83,803,197</u>
 Total Fund Equity	 <u>161,075,649</u>	 <u>154,038,461</u>
 Total Liabilities and Fund Equity	 <u>\$ 192,364,501</u>	 <u>185,791,245</u>

City of Flagstaff
Water and Wastewater Fund
Comparative Statement of Revenues, Expenses and
Changes in Retained Earnings
For the Fiscal Years Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	<u>2002</u>	<u>2001</u>
Operating Revenues:		
Water Revenues	\$ 10,438,668	10,560,317
Sewer Revenues	6,454,599	6,468,407
	<u>16,893,267</u>	<u>17,028,724</u>
Total Operating Revenues		
Operating Expenses:		
Staff Support and Services	1,715,604	1,777,456
Administration	644,962	496,247
Water	4,126,431	4,574,334
Wastewater	3,100,746	2,909,411
Depreciation	4,855,306	4,819,871
	<u>14,443,049</u>	<u>14,577,319</u>
Total Operating Expenses		
Operating Income	<u>2,450,218</u>	<u>2,451,405</u>
Non-Operating Revenues (Expenses):		
Interest Income	744,441	1,308,586
Interest Expense and Fiscal Charges	(1,329,590)	(1,567,766)
Water and Sewer Buy-Ins	1,595,052	1,261,030
Net Gain (Loss) on Disposal of Fixed Assets	(96,402)	12,300
Capital Contributions	3,645,030	4,600,090
Miscellaneous	28,438	(2,636)
	<u>4,586,969</u>	<u>5,611,604</u>
Total Non-Operating Revenues (Expenses)		
Income (Loss) Before Operating Transfers	<u>7,037,187</u>	<u>8,063,009</u>
Operating Transfers In (Out):		
Operating Transfers - In from:		
Secondary Property Tax Revenue Fund	2,391,679	2,380,133
Operating Transfers - Out to:		
General Fund	(2,391,679)	(2,380,133)
	<u>--</u>	<u>--</u>
Total Operating Transfers In (Out)		
Net Income	7,037,187	8,063,009
Add Back Depreciation on Fixed Assets Acquired with Capital Grants	<u>691,893</u>	<u>693,342</u>
Increase (Decrease) in Retained Earnings	7,729,080	8,756,351
Retained Earnings July 1	<u>83,803,197</u>	<u>75,046,846</u>
Retained Earnings at June 30 as Restated	<u>\$ 91,532,277</u>	<u>83,803,197</u>

City of Flagstaff
Water and Wastewater Fund
Comparative Statement of Cash Flows
For the Fiscal Year Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	<u>2002</u>	<u>2001</u>
Cash Flows From Operating Activities		
Cash Received From Customers and Users	\$ 16,777,736	17,062,012
Cash Payments to Other Suppliers of Goods and Services	(4,208,161)	(5,333,241)
Cash Payments to Employees for Services	(4,682,923)	(4,410,013)
Increase (Decrease) in Customer Deposits	34,227	(33,704)
Miscellaneous Operating Revenue (Expense)	<u>27,300</u>	<u>14,394</u>
Net Cash Provided (Used) by Operating Activities	<u>7,948,179</u>	<u>7,299,448</u>
Cash Flows From Non-Capital Financing Activities		
Operating Transfers In From Other Funds	2,391,679	2,380,133
Operating Transfers Out to Other Funds	(2,391,679)	(2,380,133)
Change in Guarantees	<u>8,045</u>	<u>16,405</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>8,045</u>	<u>16,405</u>
Cash Flows From Capital and Related Financing Activities		
Capital Contributed from Contractors	1,595,052	1,261,030
Bonds		
Principal Payments	(1,194,735)	(3,451,891)
Interest Payments and Related Expenses	(1,043,717)	(2,044,919)
Proceeds From Sale of Capital Assets	15,555	12,300
Acquisition and Construction of Capital Assets	(6,727,526)	(4,620,766)
Increase (Decrease) in Arbitrage Liability	(101,726)	24,138
Principal Paid on ADEQ Loan	(289,605)	(280,077)
Increase (Decrease) in Deferred Revenue	<u>(16,605)</u>	<u>132,846</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,763,307)</u>	<u>(8,967,339)</u>
Cash Flows From Investing Activities		
Interest From State Investment Pool	<u>767,587</u>	<u>1,432,311</u>
Net Cash From Investing Activities	<u>767,587</u>	<u>1,432,311</u>
Net Increase (Decrease) in Cash	960,504	(219,175)
Cash Balance July 1	<u>23,765,675</u>	<u>23,984,850</u>
Cash Balance June 30	<u>\$ 24,726,179</u>	<u>23,765,675</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	<u>\$ 2,450,218</u>	<u>2,451,405</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	4,855,306	4,819,871
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(115,531)	33,288
(Increase) Decrease in Inventory	(113,935)	(3,194)
Increase (Decrease) in Accounts Payable	791,671	6,750
Increase (Decrease) in Accrued Payroll and Payroll Taxes	18,923	10,638
Increase (Decrease) in Customer Deposits	34,227	(33,704)
Miscellaneous Operating Revenues (Expenses)	<u>27,300</u>	<u>14,394</u>
Total Adjustments	<u>5,497,961</u>	<u>4,848,043</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,948,179</u>	<u>7,299,448</u>
Non-Cash Investing, Capital and Financing Activities:		
Developers Contributing Assets to Governmental Entity	<u>\$ 3,645,030</u>	<u>4,600,090</u>
Cash and Cash Equivalents		
Unrestricted	\$ 20,178,785	19,801,491
Restricted	4,547,394	3,964,184
Cash Balance June 30	<u>\$ 24,726,179</u>	<u>23,765,675</u>

City of Flagstaff
Water and Wastewater Fund
Schedule of Revenues and Expenses
Budget and Actual (Budget Basis)
For the Fiscal Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenues:			
Water Revenues	\$ 11,097,947	10,438,668	(659,279)
Sewer Revenues	<u>6,706,302</u>	<u>6,454,599</u>	<u>(251,703)</u>
Total Operating Revenues	<u>17,804,249</u>	<u>16,893,267</u>	<u>(910,982)</u>
Operating Expenses:			
Staff Support and Services	1,819,827	1,715,604	104,223
Administration	2,184,523	644,962	1,539,561
Water	4,008,613	4,126,431	(117,818)
Wastewater	<u>3,026,268</u>	<u>3,100,746</u>	<u>(74,478)</u>
Total Operating Expenses	<u>11,039,231</u>	<u>9,587,743</u>	<u>1,451,488</u>
Operating Income (Loss)	<u>6,765,018</u>	<u>7,305,524</u>	<u>540,506</u>
Non-Operating Revenues (Expenses):			
Paid on Bond Maturity	(1,285,000)	(1,788,110)	(503,110)
Paid on Loan Maturity	(289,605)	(289,605)	--
Interest Income	800,000	744,441	(55,559)
Interest Expense and Fiscal Charges	(1,626,311)	(1,329,590)	296,721
Water and Sewer Buy-Ins	1,266,684	1,595,052	328,368
Net Gain (Loss) on Disposal of Fixed Assets	--	(96,402)	(96,402)
Contribution Revenue	--	3,645,030	3,645,030
Capital Outlay	(11,820,160)	(6,727,526)	5,092,634
Proceeds from Sale of Bonds	6,800,000	--	(6,800,000)
Miscellaneous	<u>--</u>	<u>28,438</u>	<u>28,438</u>
Total Non-Operating Revenues (Expenses)	<u>(6,154,392)</u>	<u>(4,218,272)</u>	<u>1,936,120</u>
Income (Loss) Before Operating Transfers	<u>610,626</u>	<u>3,087,252</u>	<u>2,476,626</u>
Operating Transfers In (Out):			
Operating Transfers - In from:			
Secondary Property Tax Revenue Fund	2,394,293	2,391,679	(2,614)
Operating Transfers - Out to:			
General Fund	<u>(2,394,293)</u>	<u>(2,391,679)</u>	<u>2,614</u>
Total Operating Transfers In (Out)	<u>--</u>	<u>--</u>	<u>--</u>
Net Income (Loss)	<u>\$ 610,626</u>	3,087,252	<u>2,476,626</u>
GAAP Adjustments to Budget:			
Depreciation		(4,855,306)	
Paid on Bond Maturity		1,788,110	
Paid on Loan Maturity		289,605	
Capital Outlay		6,727,526	
Depreciation on Fixed Assets Acquired with Capital Grants		<u>691,893</u>	
Increase (Decrease) in GAAP Retained Earnings		<u>\$ 7,729,080</u>	

City of Flagstaff
Airport Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 20,442	\$ 11,610
Accounts Receivable (Net)	104,295	72,251
Interest Receivable	1,862	--
Grants Receivable	3,903,861	1,427,922
Restricted Assets:		
Cash and Cash Equivalents	620,585	581,027
Fixed Assets (Net of Depreciation)	<u>27,366,305</u>	<u>21,436,060</u>
Total Assets	<u>\$ 32,017,350</u>	<u>\$ 23,528,870</u>
 Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	\$ 1,141,194	\$ 499,424
Accrued Wages and Payroll Taxes	20,557	18,266
Payable from Restricted Assets:		
Interest Payable	104,400	4,438
General Obligation Bonds	130,000	195,000
Guaranty and Other Deposits	15,670	15,432
Capital Lease	62,684	90,424
Interfund Payable	2,819,897	944,897
Deferred Revenue	17,002	19,431
Bonds Payable (Less Current Portion)		
General Obligation Bonds	1,895,000	2,025,000
Loans Payable	<u>543,136</u>	<u>566,834</u>
Total Liabilities	<u>6,749,540</u>	<u>4,379,146</u>
 Fund Equity:		
Contributed Capital:		
Capital Grants (Net)	12,870,943	13,654,125
Municipality	6,914,769	6,914,769
Retained Earnings:		
Reserved for:		
Airport Construction	386,185	381,589
Unreserved (Deficit) as Restated	<u>5,095,913</u>	<u>(1,800,759)</u>
Total Retained Earnings (Deficit) as Restated	<u>5,482,098</u>	<u>(1,419,170)</u>
Total Fund Equity	<u>25,267,810</u>	<u>19,149,724</u>
Total Liabilities and Fund Equity	<u>\$ 32,017,350</u>	<u>\$ 23,528,870</u>

City of Flagstaff
 Airport Fund
 Comparative Statement of Revenues, Expenses and
 Changes in Retained Earnings
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	<u>2002</u>	<u>2001</u>
Operating Revenues:		
Airport Revenues	\$ 838,596	804,056
Intergovernmental Revenue	788	--
Miscellaneous Revenues	<u>3,786</u>	<u>9,867</u>
Total Operating Revenues	<u>843,170</u>	<u>813,923</u>
Operating Expenses:		
Staff Support and Services	408,276	576,139
Airport	753,331	770,650
Depreciation	<u>1,247,527</u>	<u>1,172,257</u>
Total Operating Expenses	<u>2,409,134</u>	<u>2,519,046</u>
Operating Income (Loss)	<u>(1,565,964)</u>	<u>(1,705,123)</u>
Non-Operating Revenues (Expenses):		
Interest Income	19,636	26,209
Interest Expense and Fiscal Charges	(137,112)	(165,762)
Net Gain (Loss) on Disposal of Fixed Assets	(5,674)	153
Contribution Revenue	<u>6,858,215</u>	<u>1,954,789</u>
Total Non-Operating Revenues (Expenses)	<u>6,735,065</u>	<u>1,815,389</u>
Income Before Operating Transfers	<u>5,169,101</u>	<u>110,266</u>
Operating Transfers In (Out):		
Operating Transfers - In from:		
Secondary Property Tax Revenue Fund	132,271	244,867
General Fund	<u>816,714</u>	<u>783,000</u>
Total Operating Transfers In (Out)	<u>948,985</u>	<u>1,027,867</u>
Net Income	6,118,086	1,138,133
Add Back Depreciation on Fixed Assets Acquired with Capital Grants	<u>783,182</u>	<u>824,215</u>
Increase in Retained Earnings	6,901,268	1,962,348
Retained Earnings (Deficit) July 1	<u>(1,419,170)</u>	<u>(3,381,518)</u>
Retained Earnings (Deficit) at June 30 as Restated	<u>\$ 5,482,098</u>	<u>(1,419,170)</u>

City of Flagstaff
Airport Fund
Comparative Statement of Cash Flows
For the Fiscal Year Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	2002	2001
Cash Flows From Operating Activities		
Cash Received From Customers and Users	\$ 807,340	844,321
Cash Payments to Other Suppliers of Goods and Services	185,171	(27,812)
Cash Payments to Employees for Services	(702,717)	(850,053)
(Increase) Decrease in Operating Grants Receivable	21,460	--
Increase (Decrease) in Customer Deposits	238	1,645
Miscellaneous Operating Revenue (Expenses)	3,786	981
Net Cash Provided (Used) by Operating Activities	315,278	(30,918)
Cash Flows From Non-Capital Financing Activities		
Operating Transfers In From Other Funds	948,985	1,027,867
Gross Increase (Decrease) in Interfund Payable	1,875,000	450,000
Net Cash Provided (Used) by Non-Capital Financing Activities	2,823,985	1,477,867
Cash Flows From Capital and Related Financing Activities		
Capital Grants Received	4,360,816	972,028
Bonds		
Principal Payments	(195,000)	(180,000)
Interest Payments and Related Expenses	1,000	(187,066)
Proceeds From Sale of Capital Assets	--	152
Principal on Loans Receivable	--	175,094
Acquisition and Construction of Capital Assets	(7,183,447)	(2,101,838)
Capital Lease		
Principal Payments	(27,740)	(25,586)
Interest Payments	(6,899)	(9,053)
Capital Loan		
Principal Payments	(23,698)	(22,416)
Interest Payments	(31,251)	(32,533)
Increase in Deferred Revenue	(2,428)	19,431
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,108,647)	(1,391,787)
Cash Flows From Investing Activities		
Interest From State Investment Pool	17,774	26,209
Net Cash From Investing Activities	17,774	26,209
Net Increase (Decrease) in Cash	48,390	81,371
Cash Balance July 1	592,637	511,266
Cash Balance June 30	\$ 641,027	592,637
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (1,565,964)	(1,705,123)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	1,247,527	1,172,257
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(32,044)	31,379
Increase (Decrease) in Accounts Payable	641,770	469,995
Increase (Decrease) in Accrued Payroll and Payroll Taxes	2,291	(1,071)
Increase (Decrease) in Customer Deposits	238	1,645
(Increase) Decrease in Operating Grants Receivable	21,460	--
Total Adjustments	1,881,242	1,674,205
Net Cash Provided (Used) by Operating Activities	\$ 315,278	(30,918)
Cash and Cash Equivalents		
Unrestricted	\$ 20,442	11,610
Restricted	620,585	581,027
Cash Balance June 30	\$ 641,027	592,637

City of Flagstaff
 Airport Fund
 Schedule of Revenues and Expenses
 Budget and Actual (Budget Basis)
 For the Fiscal Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenues:			
Airport Revenues	\$ 852,879	838,596	(14,283)
Intergovernmental Revenue	--	788	--
Miscellaneous Revenues	<u>1,240</u>	<u>3,786</u>	<u>2,546</u>
Total Operating Revenues	<u>854,119</u>	<u>843,170</u>	<u>(10,949)</u>
Operating Expenses:			
Staff Support and Services	432,229	408,276	23,953
Airport	<u>810,010</u>	<u>753,331</u>	<u>56,679</u>
Total Operating Expenses	<u>1,242,239</u>	<u>1,161,607</u>	<u>80,632</u>
Operating Income (Loss)	<u>(388,120)</u>	<u>(318,437)</u>	<u>69,683</u>
Non-Operating Revenues (Expenses):			
Paid on Bond Maturity	(130,000)	(130,000)	--
Paid on Loan Maturity	(23,698)	(23,698)	--
Interest Income	7,500	19,636	12,136
Interest Expense and Fiscal Charges	(141,329)	(137,112)	4,217
Net Gain (Loss) on Disposal of Fixed Assets	--	(5,674)	(5,674)
Contribution Revenue	13,098,712	6,858,215	(6,240,497)
Capital Outlay	(13,777,612)	(7,183,447)	6,594,165
Lease Purchase Principal	<u>(27,740)</u>	<u>(27,740)</u>	<u>--</u>
Total Non-Operating Revenues (Expense)	<u>(994,167)</u>	<u>(629,820)</u>	<u>364,347</u>
Income (Loss) Before Operating Transfers	<u>(1,382,287)</u>	<u>(948,257)</u>	<u>434,030</u>
Operating Transfers In (Out):			
Operating Transfers - In from:			
Secondary Property Tax Revenue Fund	153,179	132,271	(20,908)
General Fund	<u>1,123,000</u>	<u>816,714</u>	<u>(306,286)</u>
Total Operating Transfers In (Out)	<u>1,276,179</u>	<u>948,985</u>	<u>(327,194)</u>
Net Income (Loss) - Budget Basis	<u>\$ (106,108)</u>	728	<u>106,836</u>
GAAP Adjustments to Budget:			
Depreciation		(1,247,527)	
Paid on Bond Maturity		130,000	
Paid on Loan Maturity		23,698	
Capital Outlay		7,183,447	
Lease Purchase Principal		27,740	
Depreciation on Fixed Assets Acquired with Capital Grants		<u>783,182</u>	
Increase (Decrease) in GAAP Retained Earnings		<u>\$ 6,901,268</u>	

City of Flagstaff
Environmental Services Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	2002	2001
Assets		
Cash and Cash Equivalents	\$ 5,043,642	4,976,334
Accounts Receivable (Net)	659,698	698,205
Interest Receivable	31,895	37,313
Grants Receivable	150,214	--
Restricted Assets:		
Cash and Cash Equivalents	3,871,063	3,246,832
Interest Receivable	15,799	28,424
Fixed Assets (Net of Depreciation)	6,612,887	6,930,536
Total Assets	\$ 16,385,198	15,917,644
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	\$ 112,847	233,447
Accrued Wages and Payroll Taxes	78,544	67,413
Payable from Restricted Assets:		
Landfill Closure and Post-Closure Liability	3,886,862	3,275,256
Guaranty and Other Deposits	17,340	17,340
Landfill Closure and Post-Closure Liability	7,636,068	7,702,592
Total Liabilities	11,731,661	11,296,048
Fund Equity:		
Contributed Capital:		
Municipality	1,065,387	1,065,387
Retained Earnings:		
Unreserved	3,588,150	3,556,209
Total Fund Equity	4,653,537	4,621,596
Total Liabilities and Fund Equity	\$ 16,385,198	15,917,644

City of Flagstaff
Environmental Services Fund
Comparative Statement of Revenues, Expenses and
Changes in Retained Earnings
For the Fiscal Years Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

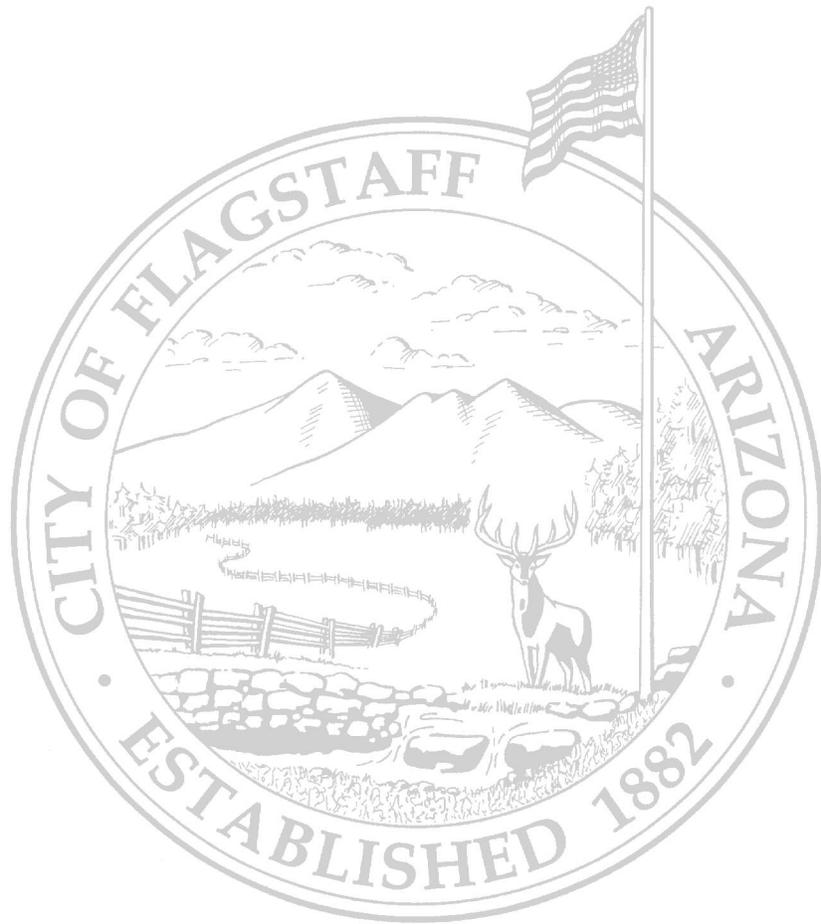
	<u>2002</u>	<u>2001</u>
Operating Revenues:		
Environmental Services Revenues	\$ 6,667,016	5,144,988
Total Operating Revenues	<u>6,667,016</u>	<u>5,144,988</u>
Operating Expenses:		
Staff Support and Services	677,951	552,171
Environmental Services	4,728,525	3,131,343
Depreciation	697,731	693,190
Landfill Closure and Post-Closure Accrual	545,082	599,501
Total Operating Expenses	<u>6,649,289</u>	<u>4,976,205</u>
Operating Income (Loss)	<u>17,727</u>	<u>168,783</u>
Non-Operating Revenues (Expenses):		
Interest Income	255,453	496,467
Net Gain (Loss) on Disposal of Fixed Assets	(60,203)	1,650
Contribution Revenue	150,214	--
Miscellaneous	4,195	(5,388)
Total Non-Operating Revenues (Expenses)	<u>349,659</u>	<u>492,729</u>
Income (Loss) Before Operating Transfers	<u>367,386</u>	<u>661,512</u>
Operating Transfers In (Out):		
Operating Transfers - In From:		
General Fund	64,255	62,688
Beautification	29,978	29,247
Operating Transfers - Out to:		
General Fund	(429,678)	(429,678)
Total Operating Transfers In (Out)	<u>(335,445)</u>	<u>(337,743)</u>
Net Income (Loss)	31,941	323,769
Retained Earnings July 1	<u>3,556,209</u>	<u>3,232,440</u>
Retained Earnings (Deficit) June 30	<u>\$ 3,588,150</u>	<u>3,556,209</u>

City of Flagstaff
Environmental Services Fund
Comparative Statement of Cash Flows
For the Fiscal Year Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	<u>2002</u>	<u>2001</u>
Cash Flows From Operating Activities		
Cash Received From Customers and Users	\$ 6,705,523	5,305,379
Cash Payments to Other Suppliers of Goods and Services	(2,985,886)	(1,411,097)
Cash Payments to Employees for Services	(2,530,059)	(2,159,386)
Operating Grant Received	--	600
Miscellaneous Operating Revenue (Expense)	<u>4,195</u>	<u>(5,388)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,193,773</u>	<u>1,730,108</u>
Cash Flows From Non-Capital Financing Activities		
Operating Transfers Out to Other Funds	<u>(335,445)</u>	<u>(337,743)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(335,445)</u>	<u>(337,743)</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	86	1,650
Acquisition and Construction of Capital Assets	<u>(440,371)</u>	<u>(1,618,805)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(440,285)</u>	<u>(1,617,155)</u>
Cash Flows From Investing Activities		
Interest From State Investment Pool	<u>273,496</u>	<u>535,042</u>
Net Cash From Investing Activities	<u>273,496</u>	<u>535,042</u>
Net Increase in Cash	691,539	310,252
Cash Balance July 1	<u>8,223,166</u>	<u>7,912,914</u>
Cash Balance June 30	<u>\$ 8,914,705</u>	<u>8,223,166</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	<u>\$ 17,727</u>	<u>168,783</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	697,731	693,190
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	38,507	160,991
Increase (Decrease) in Accounts Payable	(120,600)	104,254
Increase (Decrease) in Accrued Payroll and Payroll Taxes	11,131	8,777
Increase (Decrease) in Landfill Closure and Post-Closure Liability	545,082	599,501
Miscellaneous Revenues (Expenses)	<u>4,195</u>	<u>(5,388)</u>
Total Adjustments	<u>1,176,046</u>	<u>1,561,325</u>
Net Cash Provided (used) by Operating Activities	<u>\$ 1,193,773</u>	<u>1,730,108</u>
Cash and Cash Equivalents		
Unrestricted	\$ 5,043,642	4,976,334
Restricted	<u>3,871,063</u>	<u>3,246,832</u>
Cash Balance June 30	<u>\$ 8,914,705</u>	<u>8,223,166</u>

City of Flagstaff
Environmental Services Fund
Schedule of Revenues and Expenses
Budget and Actual (Budget Basis)
For the Fiscal Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Environmental Services Revenues	\$ 6,049,757	6,667,016	617,259
Total Operating Revenues	6,049,757	6,667,016	617,259
Operating Expenses:			
Staff Support and Services	683,911	677,951	5,960
Environmental Services	8,061,217	4,728,525	3,332,692
Total Operating Expenses	8,745,128	5,406,476	3,338,652
Operating Income (Loss)	(2,695,371)	1,260,540	3,955,911
Non-Operating Revenues (Expenses):			
Interest Income	99,000	255,453	156,453
Net Gain (Loss) on Disposal of Fixed Assets	--	(60,203)	(60,203)
Contribution Revenue	--	150,214	150,214
Capital Outlay	--	(440,371)	(440,371)
Miscellaneous Revenues	--	4,195	4,195
Other Financing Sources	1,000,000	--	(1,000,000)
Total Non-Operating Revenues (Expenses)	1,099,000	(90,712)	(1,189,712)
Income (Loss) Before Operating Transfers	(1,596,371)	1,169,828	2,766,199
Operating Transfers In (Out):			
Operating Transfers - In From:			
General Fund	64,255	64,255	--
Beautification	29,978	29,978	--
Operating Transfers - Out To:			
General Fund	(429,678)	(429,678)	--
Total Operating Transfers In (Out)	(335,445)	(335,445)	--
Net Income (Loss)	\$ (1,931,816)	834,383	2,766,199
GAAP Adjustments to Budget:			
Depreciation		(697,731)	
Capital Outlay		440,371	
Landfill Closure and Post-Closure Accrual		(545,082)	
Increase (Decrease) in GAAP Retained Earnings		\$ 31,941	



General Fixed Assets are those fixed assets not accounted for in the Enterprise Funds. To be classified as a fixed asset, a specific piece of property must be tangible, have a life longer than one year, and have a significant value.

GENERAL FIXED ASSET ACCOUNT GROUP

GENERAL FIXED ASSET ACCOUNT GROUP

City of Flagstaff
 Schedule of General Fixed Assets - By Source
 June 30,2002

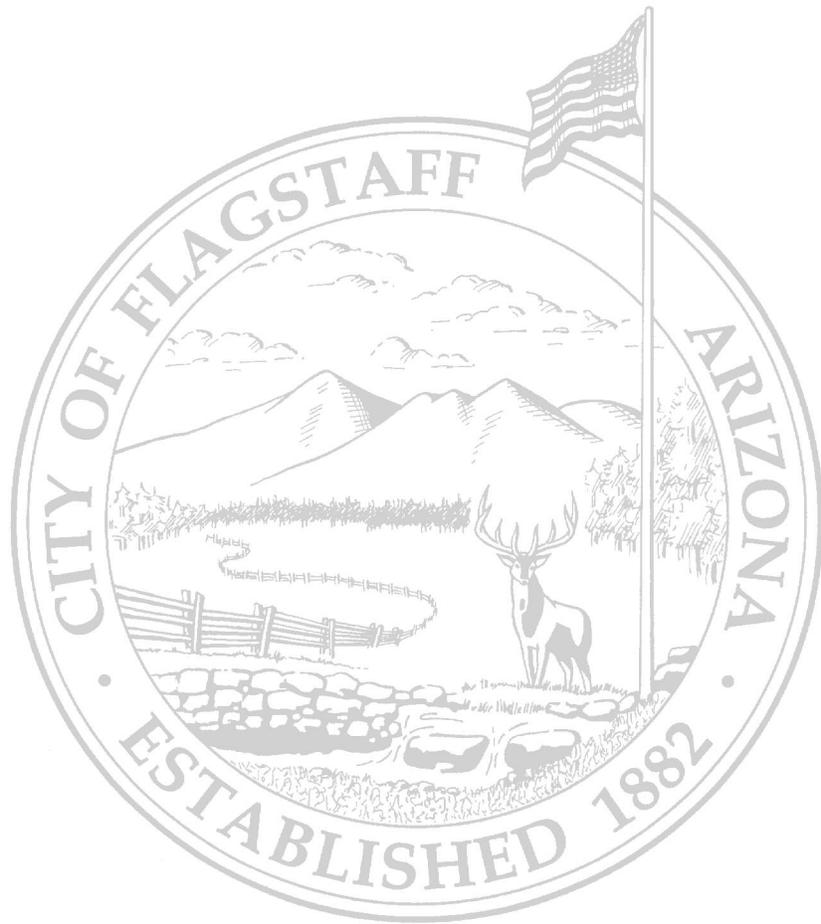
General fixed assets:	
Land	\$ 7,305,321
Buildings	20,605,777
Improvements other than buildings	10,260,066
Machinery and equipment	20,729,777
Construction in progress	16,791,214
	<hr/>
Total general fixed assets	<u>\$ 75,692,155</u>
Investment in general fixed assets from:	
Federal grants	\$ 1,151,197
State grants	411,919
County grants	27,763
General fund revenues	46,875,024
Special revenue fund revenues	13,761,925
Gifts	53,047
Contributed from utility fund	245,109
Intergovernmental contribution	791,850
General obligation bonds	12,374,321
	<hr/>
Total investment in general fixed assets	<u>\$ 75,692,155</u>

City of Flagstaff
 Schedule of General Fixed Assets - By Functions and Activities
 June 30, 2002

	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment
General government:					
General administration	\$ 6,242,085	2,374,572	537,026	126,327	3,204,160
Data processing	109,641	-	-	109,641	-
Library	1,154,730	-	85,239	100,680	968,811
Finance	69,370	-	-	-	69,370
Community development	32,851	-	-	-	32,851
City court	112,725	-	2,640	-	110,085
Human Resources	7,547	-	-	-	7,547
Municipal complex	9,310,006	2,460,728	6,849,278	-	-
Tourism	1,365,168	501,365	817,103	18,404	28,296
Total general government	<u>18,404,123</u>	<u>5,336,665</u>	<u>8,291,286</u>	<u>355,052</u>	<u>4,421,120</u>
Public safety:					
Police protection	2,647,741	-	112,492	8,671	2,526,578
Fire protection	7,158,545	159,894	3,393,322	36,661	3,568,668
Total public safety	<u>9,806,286</u>	<u>159,894</u>	<u>3,505,814</u>	<u>45,332</u>	<u>6,095,246</u>
Parks and Recreation:					
Parks	5,543,925	951,070	244,004	2,790,116	1,558,735
Recreation	3,578,428	-	2,286,946	1,011,153	280,329
Recreation Capital Projects	3,780,984	95,091	206,464	3,479,429	-
Total parks and recreation	<u>12,903,337</u>	<u>1,046,161</u>	<u>2,737,414</u>	<u>7,280,698</u>	<u>1,839,064</u>
Public works:					
Facilities maintenance	6,272,567	-	5,568,670	6,094	697,803
Engineering	918,460	-	8,443	281,474	628,543
Building inspection	185,297	-	-	-	185,297
Shop	871,435	-	360,104	196,789	314,542
Planning	35,701	-	-	-	35,701
Public works administration	19,541	-	-	-	19,541
Total public works	<u>8,303,001</u>	<u>-</u>	<u>5,937,217</u>	<u>484,357</u>	<u>1,881,427</u>
Cemetery	364,207	44,126	30,443	196,627	93,011
Streets	9,119,987	718,475	103,603	1,898,000	6,399,909
Total general fixed assets allocated to functions.	<u>58,900,941</u>	<u>7,305,321</u>	<u>20,605,777</u>	<u>10,260,066</u>	<u>20,729,777</u>
Construction work in progress	<u>16,791,214</u>				
Total general fixed assets	<u>\$ 75,692,155</u>				

City of Flagstaff
 Schedule of Changes in General Fixed Assets - By Functions and Activities
 Year Ended June 30, 2002

	General fixed assets at beginning of year	Additions	Deductions	Transfers between Departments	General fixed assets at end of year
General government:					
General administration	\$ 5,412,977	1,990,767	1,161,659	-	6,242,085
Law	4,316	-	4,316	-	-
Data processing	120,240	-	10,599	-	109,641
Library	1,203,952	150,786	200,008	-	1,154,730
Finance	73,568	-	4,198	-	69,370
Community development	45,654	-	12,803	-	32,851
City court	149,365	-	36,640	-	112,725
Human Resources	7,547	-	-	-	7,547
Municipal complex	9,310,006	-	-	-	9,310,006
Beautification	1,705	-	1,705	-	-
Tourism	1,392,629	-	27,461	-	1,365,168
Total general government	<u>17,721,959</u>	<u>2,141,553</u>	<u>1,459,389</u>	<u>-</u>	<u>18,404,123</u>
Public safety:					
Police protection	3,173,370	-	525,629	-	2,647,741
Fire protection	7,429,092	25,224	295,771	-	7,158,545
Total public safety	<u>10,602,462</u>	<u>25,224</u>	<u>821,400</u>	<u>-</u>	<u>9,806,286</u>
Parks and Recreation:					
Parks	5,594,823	112,015	162,913	-	5,543,925
Recreation	3,553,513	89,592	64,677	-	3,578,428
Recreation Capital Projects	3,685,893	95,091	-	-	3,780,984
Total parks and recreation	<u>12,834,229</u>	<u>296,698</u>	<u>227,590</u>	<u>-</u>	<u>12,903,337</u>
Public works:					
Facilities maintenance	6,237,924	58,722	24,079	-	6,272,567
Engineering	997,150	-	78,690	-	918,460
Building inspection	185,297	-	-	-	185,297
Shop	953,905	-	82,470	-	871,435
Planning	44,471	-	8,770	-	35,701
Public works administration	19,541	-	-	-	19,541
Total public works	<u>8,438,288</u>	<u>58,722</u>	<u>194,009</u>	<u>-</u>	<u>8,303,001</u>
Cemetery	388,335	-	24,128	-	364,207
Streets	9,152,433	111,895	144,341	-	9,119,987
Construction work in progress	8,931,646	7,901,289	41,721	-	16,791,214
Total general fixed assets	<u>\$ 68,069,352</u>	<u>10,535,381</u>	<u>2,912,578</u>	<u>-</u>	<u>75,692,155</u>



SUPPORTING SCHEDULES

SUPPORTING SCHEDULES

SCHEDULE I

Debt Service Requirements to Maturity - General Obligation Bonds

June 30, 2002

Fiscal Year	Principal	Interest	Total Requirement
2002-03	\$ 3,565,000	1,550,635	5,115,635
2003-04	3,880,000	1,506,998	5,386,998
2004-05	3,790,000	1,348,694	5,138,694
2005-06	2,840,000	1,024,214	3,864,214
2006-07	3,609,726	1,077,090	4,686,816
2007-08	3,345,000	757,101	4,102,101
2008-09	3,370,000	592,258	3,962,258
2009-10	2,105,000	460,333	2,565,333
2010-11	2,240,000	357,208	2,597,208
2011-12	2,385,000	247,408	2,632,408
2012-13	2,350,000	130,933	2,480,933
2013-14	505,000	23,988	528,988
	\$ 33,984,726	9,076,860	43,061,586

SCHEDULE II

Debt Service Requirements to Maturity - Street Construction Revenue Bonds

June 30, 2002

Fiscal Year	Principal	Interest	Total Requirement
2002-03	\$ 1,565,000	836,423	2,401,423
2003-04	1,635,000	767,562	2,402,562
2004-05	1,705,000	693,988	2,398,988
2005-06	1,805,000	615,558	2,420,558
2006-07	1,880,000	530,723	2,410,723
2007-08	1,370,000	441,423	1,811,423
2008-09	1,445,000	359,723	1,804,723
2009-10	1,520,000	280,135	1,800,135
2010-11	1,620,000	190,455	1,810,455
2011-12	1,725,000	94,873	1,819,873
	\$ 16,270,000	4,810,863	21,080,863

SCHEDULE III

Debt Service Requirements to Maturity - Special Assessment Bonds

June 30, 2002

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2002-03	\$ 244,000	56,074	300,074
2003-04	259,000	42,270	301,270
2004-05	270,000	27,750	297,750
2005-06	75,000	18,497	93,497
2006-07	76,000	14,799	90,799
2007-08	82,000	10,927	92,927
2008-09	88,000	6,761	94,761
2009-10	94,000	2,303	96,303
	<u>\$ 1,188,000</u>	<u>179,381</u>	<u>1,367,381</u>

SCHEDULE IV

Debt Service Requirements to Maturity - Other Debt

June 30, 2002

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2002-03	\$ 255,000	207,399	462,399
2003-04	265,000	197,199	462,199
2004-05	275,000	186,599	461,599
2005-06	285,000	175,599	460,599
2006-07	295,000	164,199	459,199
2007-08	310,000	152,399	462,399
2008-09	320,000	139,534	459,534
2009-10	335,000	125,614	460,614
2010-11	350,000	110,370	460,370
2011-12	365,000	94,446	459,446
2012-13	385,000	77,656	462,656
2013-14	400,000	59,850	459,850
2014-15	420,000	40,850	460,850
2015-16	440,000	20,900	460,900
	\$ 4,700,000	1,752,614	6,452,614

**STATISTICAL
SECTION**



Table I
 General Government Expenditures by Function
 Last Ten Fiscal Years

Fiscal Year	General Government and Library	Public Safety	Community Development	Contributions to Other Agencies	Parks and Recreation
1993	\$ 5,891,579	9,960,011	1,295,476	734,056	1,973,895
1994	7,263,107	10,419,132	1,200,587	1,017,835	2,023,179
1995	7,142,198	10,793,046	986,219	1,106,599	2,441,776
1996	7,212,411	11,017,376	1,652,750	1,404,276	2,866,078
1997	8,825,304	12,060,567	1,201,352	1,600,649	3,452,107
1998	11,477,923	12,167,725	1,412,182	1,065,899	3,269,940
1999	14,819,049	13,299,094	1,337,131	1,068,915	3,186,846
2000	21,046,910	13,533,876	1,681,507	998,422	3,486,908
2001	13,863,501	15,480,047	2,004,709	1,040,414	4,154,546
2002	20,196,471	16,057,019	5,359,095	933,583	3,853,094

Note: Includes General, Special Revenue, Debt Service and Capital Projects.

<u>Public Works and Highway and Streets</u>	<u>Criminal Justice</u>	<u>Cemetery</u>	<u>Debt Service</u>	<u>Total</u>
12,025,091	540,617	170,482	3,101,380	35,692,587
8,908,093	584,582	107,142	2,545,881	34,069,538
12,407,830	642,590	117,717	2,582,250	38,220,225
7,738,757	767,706	136,249	2,929,349	35,724,952
6,701,434	865,545	169,226	3,234,752	38,110,936
9,107,198	877,167	123,440	4,108,607	43,610,081
6,289,685	920,826	136,259	4,098,604	45,156,409
8,307,169	1,021,651	148,980	3,881,866	54,107,289
10,464,557	1,145,454	163,550	4,206,920	52,523,698
16,599,119	1,335,400	162,844	4,422,074	68,918,699

Table II
 General Government Revenues by Source
 Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental Revenues	Charges for Services	Fines and Forfeits	Other Revenues	Total
1993	\$ 15,641,582	613,796	13,269,793	523,482	633,287	1,241,218	31,923,158
1994	16,696,324	653,521	14,637,139	580,640	660,098	1,782,470	35,010,192
1995	17,576,915	834,368	15,322,232	720,238	572,728	3,450,303	38,476,784
1996	18,112,121	1,322,309	16,095,776	872,608	808,543	1,581,552	38,792,909
1997	18,776,929	1,279,410	17,704,496	871,284	782,451	2,333,295	41,747,865
1998	19,576,193	1,246,090	19,079,704	920,566	783,854	2,497,159	44,103,566
1999	20,582,542	1,335,184	22,621,143	837,373	838,306	2,468,401	48,682,949
2000	22,197,133	1,324,340	26,778,117	1,030,249	837,695	5,243,779	57,411,313
2001	28,340,957	1,318,450	26,203,650	1,025,625	993,585	3,570,180	61,452,447
2002	30,986,091	2,014,357	24,008,885	1,676,615	991,131	3,520,493	63,197,572

Note: Includes General, Special Revenue, Debt Service and Capital Projects.

Table III
Tax Revenues by Sources
Last Ten Fiscal Years

Fiscal Year	Total Taxes	General Property Tax	Secondary Property Tax	Franchise and Other Taxes	City Sales Tax	Bed, Board and Booze Tax	Transportation Tax
1993	\$ 15,641,582	1,709,887	3,915,387	1,108,328	6,267,619	2,640,361	-
1994	16,696,324	1,806,265	3,993,710	1,274,705	6,763,872	2,857,772	-
1995	17,576,915	1,868,077	4,062,533	1,304,684	7,362,140	2,979,481	-
1996	18,112,121	2,137,125	3,344,441	1,260,317	8,240,709	3,129,529	-
1997	18,776,929	2,243,818	3,402,803	1,358,283	8,491,913	3,280,112	-
1998	19,576,193	2,405,865	3,355,628	1,512,456	8,966,287	3,335,957	-
1999	20,582,542	2,577,557	3,537,987	1,560,789	9,369,406	3,536,803	-
2000	22,197,133	2,759,130	3,777,091	1,505,710	10,510,380	3,644,822	-
2001	28,340,957	2,853,091	3,896,103	1,690,043	10,810,658	3,747,822	5,343,240
2002	30,986,091	3,070,491	4,197,777	1,790,846	11,782,781	3,817,028	6,327,168

Table IV
Intergovernmental Revenue by Source
Last Ten Fiscal Years

Fiscal Year	State Sales Tax	State Income Tax	County Auto In-Lieu Tax	Highway User Tax	Local Transportation Assistance	State HB 2565
1993	Not Available (NA)	NA	NA	NA	NA	NA
1994	NA	NA	NA	NA	NA	NA
1995	NA	NA	NA	NA	NA	NA
1996	\$ 3,734,332	3,553,021	1,355,828	5,700,737	364,931	-
1997	3,845,330	4,170,641	1,504,060	5,852,957	366,453	-
1998	4,061,346	4,725,837	1,533,501	5,371,446	394,318	-
1999	4,353,556	5,489,912	1,847,142	7,207,158	367,911	-
2000	4,785,424	6,062,290	1,902,188	7,427,210	367,461	312,249
2001	4,919,575	6,432,879	1,913,662	7,969,703	360,806	142,793
2002	4,076,034	5,526,159	1,803,900	7,771,416	300,246	47,598

<u>Federal Grants</u>	<u>State Grants & Other State</u>	<u>County Library District Funding</u>	<u>Other County</u>	<u>Total</u>
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA
360,439	115,134	911,354	-	16,095,776
694,916	380,042	890,097	-	17,704,496
1,448,951	553,963	955,342	35,000	19,079,704
1,763,054	272,297	1,101,729	218,384	22,621,143
1,474,751	370,391	1,068,817	3,007,336	26,778,117
1,731,823	317,059	1,835,109	580,241	26,203,650
2,348,793	437,543	1,423,105	274,091	24,008,885

Table V
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections
1993	\$ 5,257,183	\$ 5,431,611	103.3%	\$ 193,663
1994	5,743,129	5,492,103	95.6%	307,872
1995	5,910,644	5,610,061	94.9%	320,549
1996	5,424,449	5,400,777	99.6%	80,789
1997	5,638,222	5,566,676	98.7%	79,945
1998	5,754,253	5,651,170	98.2%	110,323
1999	6,138,071	6,036,950	98.4%	78,594
2000	6,526,010	6,443,879	98.7%	92,342
2001	6,936,955	6,658,250	96.0%	90,944
2002	7,271,109	7,194,162	98.9%	74,106

<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Current Levy</u>	<u>Outstanding Delinquent Collections</u>	<u>Outstanding Delinquent Taxes as a Percent of Current Levy</u>
\$ 5,625,274	107.0%	\$ 302,578	5.8%
5,799,975	101.0%	326,269	5.7%
5,930,610	100.3%	186,826	3.2%
5,481,566	101.1%	265,339	4.9%
5,646,621	100.1%	248,572	4.4%
5,761,493	100.1%	217,244	3.8%
6,115,544	99.6%	216,717	3.5%
6,536,221	100.2%	211,305	3.2%
6,749,194	97.3%	218,230	3.1%
7,268,268	100.0%	257,060	3.5%

Table VI

Primary Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1993	\$ 253,115,962	1,709,252,294	17,191,129	77,637,687
1994	263,143,187	1,807,219,306	12,656,223	63,521,760
1995	272,017,549	1,972,867,568	22,083,172	88,333,062
1996	285,152,896	2,097,918,383	20,719,183	82,906,354
1997	317,127,846	2,352,739,798	12,461,600	103,490,735
1998	329,932,001	2,458,882,909	22,781,372	97,754,981
1999	353,421,490	2,642,062,329	22,180,026	98,903,475
2000	379,547,012	2,802,287,566	30,717,569	137,001,286
2001	400,324,857	2,834,495,586	52,116,286	234,449,089
2002	427,130,788	3,023,897,189	53,042,977	238,857,013

Assessed Value	Total		Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	
270,307,091	1,786,889,981		1- 6.6
275,799,410	1,870,741,066		1- 6.8
294,100,721	2,061,200,630		1- 7.0
305,872,079	2,180,824,737		1- 7.1
329,589,446	2,456,230,533		1- 7.5
352,713,373	2,556,637,890		1- 7.2
375,601,516	2,740,965,804		1- 7.3
410,264,581	2,939,288,852		1- 7.2
452,441,143	3,068,944,675		1- 6.8
480,173,765	3,262,754,202		1- 6.8

Table VII
Property Tax Rates and Tax Levies
Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	City	School District	Community College	County	State	Total
Tax Rates						
1993	2.1114	6.4710	0.3589	1.1815	0.4700	10.5928
1994	2.1014	6.3515	0.3671	1.1650	0.4700	10.4550
1995	2.0823	6.3778	0.3706	1.1622	0.4700	10.4629
1996	1.7983	6.7903	0.3728	1.1472	0.4700	10.5786
1997	1.8283	6.5237	0.3784	1.1386	-	9.8690
1998	1.7127	6.6634	0.3869	1.1168	-	9.8798
1999	1.7127	6.5477	0.3952	1.1094	-	9.7650
2000	1.7127	6.5585	0.5947	1.1444	-	10.0103
2001	1.7127	6.6885	0.5724	1.1336	-	10.1072
2002	1.7127	6.6885	0.5724	1.1336	-	10.1072

Note: Tax rates are per \$100 assessed valuation.

Tax Levies						
1993	\$ 5,620,237	16,905,293	925,154	3,070,523	1,211,542	27,732,749
1994	5,743,129	17,177,928	987,329	3,146,188	1,264,082	28,318,656
1995	5,910,644	17,960,572	1,038,919	3,269,358	1,317,571	29,497,064
1996	5,424,449	20,199,032	1,096,407	3,401,466	1,382,273	31,503,627
1997	5,638,222	20,034,474	1,157,420	3,492,093	-	30,322,209
1998	5,754,197	22,148,857	1,275,182	3,706,162	-	32,884,398
1999	6,138,071	23,252,495	1,393,923	3,936,405	-	34,720,894
2000	6,526,010	24,786,048	2,252,184	4,324,131	-	37,888,373
2001	6,936,955	26,912,268	2,305,697	4,560,552	-	40,715,472
2002	7,271,109	28,170,830	2,414,069	4,773,684	-	42,629,692

Table VIII
Special Assessment Collections
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Current Assessments Collected (1)	Ratio of Collections to Amounts Due	Total Outstanding Current and Delinquent Assessments (2)
1993	\$ 116,509	\$ 116,219	99.75%	\$ 3,408
1994	-	-	N/A	3,408
1995	-	-	N/A	3,408
1996	53,958	53,958	100.00%	3,408
1997	127,535	132,847	104.17%	1,058
1998	136,791	170,026	124.30%	-
1999	137,661	157,640	114.51%	-
2000	145,142	175,863	121.17%	529
2001	186,494	269,794	144.67%	5,379
2002	207,154	350,894	169.39%	5,923

(1) Includes prepayments.

(2) Includes principal and interest.

Table IX

Percent of Net General Bonded Debt to Secondary Assessed Value
and Net General Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year	Population (1)	Secondary Assessed Value (2)	Gross Bonded Debt	Less Current Portion	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1993	49,536	\$ 266,966,479	\$ 44,811,087	\$ 3,325,000	\$ 41,486,087	16%	\$ 837.49
1994	50,774	270,619,542	47,548,493	3,585,000	43,963,493	16%	865.87
1995	52,701 *	284,954,647	44,029,701	4,270,000	39,759,701	14%	754.44
1996	53,966	294,100,721	39,830,151	3,595,000	36,235,151	12%	671.44
1997	55,885	310,066,911	53,809,898	4,371,000	49,438,898	16%	884.65
1998	58,145	340,743,258	49,470,273	4,170,000	45,300,273	13%	779.09
1999	59,945	362,625,557	45,333,746	4,465,000	40,868,746	11%	681.77
2000	52,894 **	385,566,202	40,904,461	4,405,000	36,499,461	9%	690.05
2001	57,700	408,592,733	36,537,570	2,805,000	33,732,570	8%	584.62
2002	59,160	429,030,400	36,873,231	2,888,505	33,984,726	8%	574.45

(1) Arizona Department of Economic Security projected population increases except 1995 and 2000, which are official census figures.

(2) From County Assessors Office.

* 1995 Special Census.

** Census estimates exceeded actual 2000 census results.
FY2000 adjusted to reflect population per U.S. Census official results

Table X
 Computation of Legal Debt Margin
 June 30, 2002

Secondary Assessed Value (1)	<u>\$ 429,030,400</u>
------------------------------	-----------------------

Special Improvement Legal Debt Margin

Debt Limit 20 Percent of Assessed Value - Special Improvements	\$ 85,806,080
--	---------------

Amount of Debt Applicable to Debt Limit

Total Bonded Debt	\$ 31,371,231	
Less:		
Current Portion	1,758,505	
Other Deductions Allowed by Law:		
Special Assessment Bonds	<u>1,188,000</u>	

Total Amount of Debt Applicable to Debt Limit	<u>28,424,726</u>
---	-------------------

Legal Debt Margin Available for Water, Sewer, Light, Parks and Open Space Projects	<u>\$ 57,381,354</u>
--	----------------------

General Legal Debt Margin

Debt Limit 6 Percent of Assessed Value - General	\$ 25,741,824
--	---------------

Amount of Debt Applicable to Debt Limit

Total Bonded Debt	\$ 29,150,000	
Less:		
Current Portion	2,620,000	
Other Deductions Allowed by Law:		
Other Debt	4,700,000	
Highway User Revenue Bonds	<u>16,270,000</u>	

Total Amount of Debt Applicable to Debt Limit	<u>5,560,000</u>
---	------------------

Legal Debt Margin - Available for All Other Projects	<u>\$ 20,181,824</u>
--	----------------------

(1) Abstract published by the Arizona State Department of Revenue.

Table XI

Computation of Direct and Overlapping Debt

June 30, 2002

The general obligation debt of all local governmental units which provide services within the City's boundaries, and which must be borne by properties in the City (commonly called overlapping debt), is summarized below:

Governmental Units	Net Debt Outstanding	Percentage Applicable to the City	Direct and Overlapping Debt
City of Flagstaff	\$ 33,984,726	100.0%	\$ 33,984,726
School District #1	48,210,000	65.0%	31,336,500
			\$ 65,321,226

Table XII

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures (Percent)
1993	\$ 3,325,000	2,980,662	6,305,662	35,692,587	17.67%
1994	3,585,000	2,986,494	6,571,494	34,069,538	19.29%
1995	4,270,000	2,937,532	7,207,532	38,220,225	18.86%
1996	3,595,000	2,612,598	6,207,598	35,742,952	17.37%
1997	4,371,000	2,660,912	7,031,912	38,110,976	18.45%
1998	4,170,000	2,826,759	6,996,759	43,610,081	16.04%
1999	4,465,000	2,516,329	6,981,329	45,156,409	15.46%
2000	4,405,000	2,242,254	6,647,254	54,107,289	12.29%
2001	2,805,000	1,953,098	4,758,098	52,523,698	9.06%
2002	2,979,000	1,443,074	4,422,074	68,918,699	6.42%

Table XIII

Schedule of Water and Wastewater Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993	\$ 14,032,383	6,723,474	7,308,909	-	-	-	-
1994	14,719,682	6,991,300	7,728,382	-	-	-	-
1995	14,916,620	7,097,153	7,819,467	-	-	-	-
1996	16,475,146	7,136,236	9,338,910	-	-	-	-
1997	16,515,478	7,973,540	8,541,938	-	-	-	-
1998	16,767,650	7,916,657	8,850,993	-	-	-	-
1999	16,773,884	7,700,535	9,073,349	-	-	-	-
2000	17,606,349	8,311,186	9,295,163	-	-	-	-
2001	18,337,310	9,757,448	8,579,862	-	-	-	-
2002	17,637,708	9,587,743	8,049,965	-	-	-	-

Table XIV
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	School Enrollment (2)	Unemployment Rate (3)
1993	49,536	11,463	6.8%
1994	50,774	11,727	7.9%
1995	52,701	11,880	6.6%
1996	53,966	11,826	6.1%
1997	55,885	12,679	6.5%
1998	58,145	13,249	6.6%
1999	59,945	12,880	6.6%
2000	52,894	12,682	5.2%
2001	57,700	13,969	4.6%
2002	59,160	14,036	4.9%

(1) Arizona Department of Economic Security estimated projected population except for the years, 2000, which are official census figures and 1995, which represent the special census figures.

(2) Flagstaff School District (includes charter schools).

(3) Arizona Department of Economic Security.

Note: Per capita income, median age, and education level data are not available.

Table XV
Property Value, Construction and Bank Deposits
Last Ten Fiscal Years

Fiscal Year	Residential Construction (1)		Commercial and Industrial Construction (1)		Quarterly Bank Deposits Coconino County (\$000) (2)
	Number of Permits	Value	Number of Permits	Value	
1993	416	\$ 24,963,304	151	\$ 19,640,070	\$ 439,139
1994	465	25,187,262	118	2,597,561	448,839
1995	488	46,305,342	181	15,953,231	464,764
1996	564	68,880,721	169	24,418,924	462,848
1997	513	58,580,988	198	39,495,278	347,956 *
1998	528	45,783,140	182	33,570,116	482,770
1999	524	78,015,349	183	35,999,041	458,285
2000	586	46,399,420	122	43,592,693	460,217
2001	550	50,615,526	127	35,722,301	490,905
2002	758	69,026,395	152	43,642,285	615,806

(1) City Building Department.

(2) Arizona Bankers Association.

This represents deposits in the 2nd quarter of the fiscal year for banks which reported.

(3) Abstract published by the Arizona State Department of Revenue.

* Number is exclusive of one large non-participating financial institute in Coconino County.

Property Value (3)

<u>Estimated Cash Value</u>	<u>Commercial</u>	<u>Residential</u>	<u>Nontaxable</u>
\$ 1,784,221,265	752,633,737	921,566,263	110,021,265
1,833,875,883	751,566,336	970,906,145	111,403,402
1,929,201,462	768,914,972	1,041,012,663	119,273,827
2,170,269,429	818,081,181	1,205,903,371	146,284,877
2,219,561,893	832,894,205	1,238,946,076	147,721,612
2,458,001,305	849,315,340	1,446,181,407	162,504,558
2,644,019,764	867,782,208	1,609,395,170	166,842,386
2,813,033,675	930,939,338	1,698,835,707	183,258,630
2,991,862,619	992,147,419	1,795,884,090	203,831,110
3,134,105,000	1,037,581,165	1,886,615,936	209,907,899

Table XVI

Miscellaneous Statistical Data

Date of Incorporation - 1894		Fire Protection	
		Number of Stations	6
		Number of Employees (FTE)	98
Date First Charter Adopted October 3, 1958		Police Protection	
		Number of Employees	142
Date Present Charter Adopted April 10, 1984		Number of Calls for Service Annual Report-12/31/01	55,801
		Average Personnel for 24 hour period	32
		Vehicular Patrol Units	32
Form of Government Council, City Manager		Coconino County Jail Prisoner Capacity	562
Area - Square Miles		Pulliam Airport	
2002	73.600	Fixed Base Operators	1
2001	73.600	Locally Based Aircraft	130
2000	65.926	Tiedowns	49
1995	65.926	Enclosed Hangars	42
1985	65.049	Open Hangars	38
1975	64.500		
1965	62.500		
Miles of Streets, Alleys and Sidewalks		Elections	
Streets	204.58	Number of Registered Voters May 2002	24,167
Alleys	10.08	Number of Votes Cast Last Municipal Election May 2002	8,381
Total	<u>214.66</u>	Percentage of Registered Voters Voting in Last Municipal Election	34.70%
Sidewalks	135.28		
Miles of Sewer		Parks and Recreation	
Storm	39.25	Number of Developed Parks	27
Sanitary	231.76	Number of Un-developed Parks	3
		Park Acreage	585.95
Number of Street Lights	2,898	Flagstaff Urban Trail System-Miles	21.64
Number of Fire Hydrants	2,435	Number of Other Facilities:	
Number of Manholes	5,979	Swimming Pools (School Owned)	2
Other City Buildings	34	Recreation Centers	5
Includes City Buildings in Addition to Fire Stations and Recreation Buildings		Tennis Courts	17
		Handball Courts	5
		Ramadas	8
Employees as of June 30, 2002		Softball/Baseball Fields	17
Merit System	544	Ice/Roller Rinks	1
Exempt	115	Playgrounds	19
Temporary	218	Skate Tracks	1
Elected Officials	7	Soccer Fields	1
		Disc Golf Course	1
		Basketball Courts	15
Total Payroll for the Year Ending 2002:	\$ 29,243,651		

Miscellaneous Statistical Data (Continued)

Education

Number of Schools:

Public Elementary	13
Public Middle School	2
Public High School	3
Private and Parochial K-12	12
Technical Schools	3
Coconino Community College	1
Northern Arizona University	1

Number of Teachers:

Public Elementary, Middle, High and Ungraded (Certified) Schools	916
Northern Arizona University Professional Staff	737
Coconino Community College Professional/Staff	322

Number of Students:

Public Schools	11,573
Charter, Private and Parochial K-12	2,463
Northern Arizona University	14,185
Coconino Community College	2,621

Sales Tax

Retail Sales by Fiscal Year:

2002	\$	1,404,232,492
2001		1,324,735,136
2000		1,238,195,104
1999		1,117,197,604
1998		1,065,133,746
1997		1,016,570,260
1996		965,100,588
1995		905,801,130
1994		867,566,687
1993		776,546,307
1992		686,784,204
1991		659,778,700
1990		631,835,742
1989		595,358,235
1988		546,806,636
1987		525,528,924
1986		469,294,230
1985		453,236,712

Total Sales Tax Revenue for Fiscal Year 2002

\$ 11,277,121

Population

Census Population Count-Last Five Censuses:

2002	(Estimate)	59,160
2001	(Estimate)	57,700
2000		52,894
1995*		52,701
1990		45,854
1985		38,247
1980		34,743

*Special Census

2000 Census Information:

Age Distribution of Population
for Urbanized Areas Only

1-4 Years	3,546
5-17 Years	9,288
18-24 Years	11,487
25-44 Years	16,111
45-64 Years	8,309
65+ Years	4,153
	<u>52,894</u>

Average Persons per Housing Unit 2.59

Average Family Size 3.13

Median Household Income \$ 37,146

Per Capita Income (2000) \$ 18,637

2000 Census information available at the following websites:

<http://www.census.gov/census2000/states/az.html>

<http://www.de.state.az.us/links/economic/webpage/index.html>

Utility Enterprise

Total Active Accounts on June 30, 2002

Water	16,356
Sewer	15,956

Average Gallons/Household/Month 6,727

Plants Capacity (Million Gallons per Day):

Water Treatment Plant	7.2
Reservoir Filtration Plant	3
Wildcat Hill Plant	6
Rio de Flag Reclaim Plant	4

Miles of Water Lines 348.80

Wells 24

Reservoirs 8

Reclaimed Reservoirs 1

Miles of Reclaimed Lines 16.57

Miles of Sewer Lines 232.91

Miscellaneous Statistical Data (Continued)

2001-2002 Major Taxpayers
City of Flagstaff, Arizona

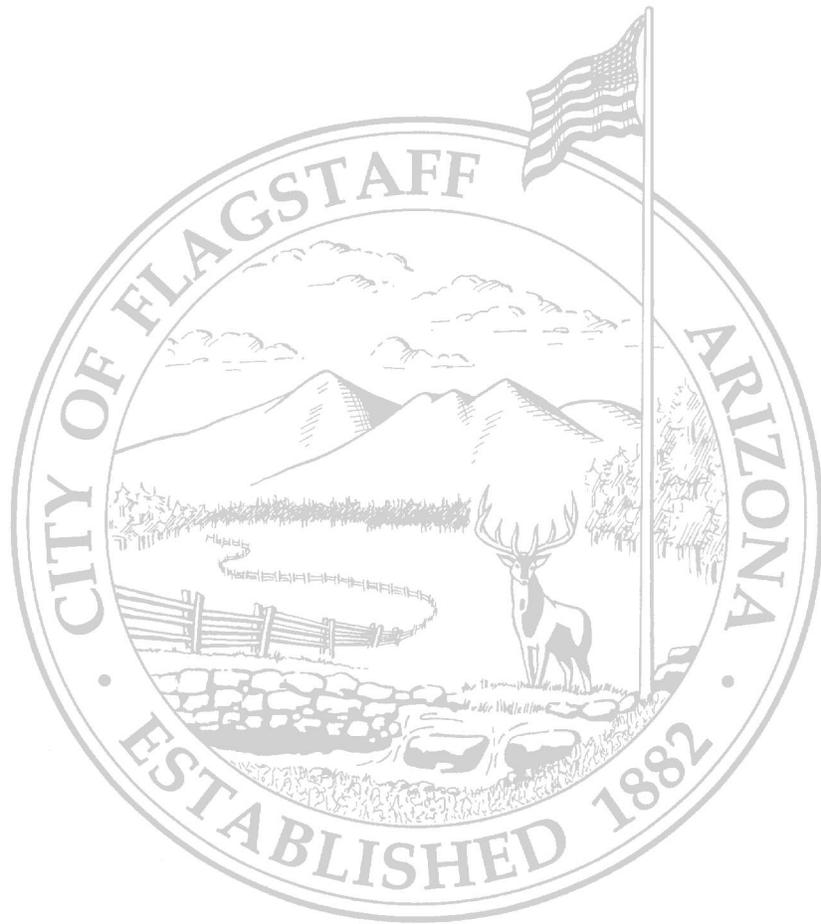
Company Name	Estimated 2001-02 Net Secondary Assessed Valuation	As % of the City's 2001-02 Net Secondary Assessed Valuation
Arizona Public Service Company	\$ 12,690,610	3.11%
W L Gore & Associates Inc.	10,577,757	2.59%
Northern Arizona Gas Division (Citizens Utilities)	9,194,655	2.25%
U. S. West Communications Inc.	7,081,338	1.73%
Ralston Purina Co.	5,274,488	1.29%
Little America Refining Company	5,149,226	1.26%
Consolidated Investments Company Inc.	3,086,173	0.76%
Flagstaff Mall Associates Ltd. Partnership	2,996,319	0.73%
Walstaff Associates (Walgreens)	2,940,753	0.72%
SACO Management Inc.	2,498,291	0.61%
	\$ 61,489,610	15.05%

Source: Arizona Department of Revenue

Table XVII

Insurance Summary
In Effect June 1, 2002 to May 30, 2003

Coverage	Limit of Liability
Liability Insurance:	
General Liability*	\$ 1,000,000 / per occurrence
	\$ 2,000,000 / aggregate
Law Enforcement Liability*	\$ 1,000,000 / each wrongful act
	\$ 1,000,000 / aggregate
Auto Liability*	\$ 1,000,000 / each accident
Public Officials Errors & Omissions*	\$ 1,000,000 / each claim
(Claims Made Retro Date 6-1-95)	\$ 1,000,000 / aggregate
* Liability Claims are Subject to a \$50,000 Self Insurance Retention	
Skate Track General Liability	\$ 1,000,000 / each occurrence
(\$10,000 Deductible per Claimant)	\$ 1,000,000 / general aggregate
Employee Benefits Liability	\$ 1,000,000 / each employee
(Claims Made Retro Date 6-1-95)	\$ 1,000,000 / aggregate
(\$1,000 Deductible Each Employee)	
Employer's Liability	\$ 1,000,000 / each accident
	\$ 1,000,000 / disease employee
	\$ 1,000,000 / disease policy limit
Worker's Compensation	Statutory
Excess Liability #1 Following Form Over General Liability, Auto, Law Enforcement, Public Officials E&O, Skatepark & Employers Liability	\$ 10,000,000 / each occurrence Wrongful Act / aggregate
Excess Liability #2 Following Form Over Excess Liability # 1 Excluding Abuse & Molestation, Asbestos, Employment Discrimination, Employment-related Practices, and Landfills	\$ 15,000,000 / each occurrence Wrongful Act / aggregate
Property Insurance:	
Blanket Building and Contents, including light and signals	\$ 86,609,282 / \$25,000 deductible
Flood Zones B and C	\$ 15,000,000 / \$25,000 deductible
Earthquakes	\$ 15,000,000 / \$25,000 deductible
Flood Zone A Properties	
Municipal Court	\$ 220,000 / building
	\$ 116,900 / contents
City Hall, Library	\$ 500,000 / each building
	\$ 500,000 / contents each (\$5,000 deductible)
Contractors Equipment (actual cash value)	\$ 6,292,799 / \$5,000 deductible
Computer Equipment and Peripherals	\$ 5,818,610 / \$1,000 deductible
Computer Data and Media	\$ 500,000 / \$1,000 deductible
Laptops and Portables - Replacement Cost Coverage	\$ 248,500 / \$1,000 deductible
Fine Arts Exhibition Floater	\$ 25,000 / \$1,000 deductible
City Hall, Visitor Center, Airport Terminal	each location
Boiler and Machinery	\$ 25,000,000 / \$5,000 deductible
Crime:	
Blanket Public Employees and Treasurer	\$ 1,000,000 / \$5,000 deductible
Dishonesty Bond Including Faithful Performance of Duty	
Computer Fraud	\$ 250,000 / \$5,000 deductible
Aviation:	
Products/Completed Operations Liability, Contractual, Construction & Demolition	\$ 20,000,000 / each occurrence \$ 20,000,000 / aggregate
Hangar Keepers Liability	\$ 20,000,000 / each aircraft \$ 20,000,000 / each occurrence





**City of Flagstaff, Arizona
211 W. Aspen Avenue
Flagstaff, Arizona 86001
(928) 774-5281**